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**REPORT OF THE
CITIZENS ADVISORY COMMITTEE**

**ON THE
LOS ANGELES CITY**

CENTRAL BUSINESS DISTRICT REDEVELOPMENT PLAN

Harold L. Katz
Chairman

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July 1976



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CITIZENS ADVISORY COMMITTEE

CENTRAL BUSINESS DISTRICT PLAN

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Honorable Members of the Los Angeles
City Council
Los Angeles, California

City planning Central city LA

Honorable Members:

LLA
The Citizens Advisory Committee on the Central Business District Plan, has completed its assigned task and submits herewith its report of findings.

I wish to call to the attention of the readers of this report, that while the 19 members of this Committee had a diversity of personal opinions regarding the Downtown Redevelopment Plan when we commenced our study, and while there is still a diversity of opinion regarding many aspects of the use of redevelopment plans and tax increment financing, there is a high percentage of consensus in the answers to the seven questions and the major recommendations regarding the Central Business District Plan.

This high degree of consensus results from the unqualified sense of responsibility and dedication of each of the members of this Committee. The Committee was inundated with information, most of which was factual, but sometimes incomplete, and therefore subject to misinterpretation. I cannot overly praise the Committee members for the incisiveness of their questioning of speakers, regardless of the personal feelings of the Committee member regarding the speaker's position. The integrity, honesty, dedication and service without compensation of the members set an example for all future blue ribbon citizens committees. I congratulate the Members of the City Council and the Mayor for the quality of their appointments to this Committee.

The members have been invited to submit additional recommendations dealing with subjects which the Committee was unable to consider, or which the Committee as a whole deemed to be beyond the scope of its charge. These reports are included as part of this official report. In addition, the Committee chose to include as exhibits an excellent paper on tax increment financing authored by Robert Fountain of UCLA and an extensive report on Skid Row prepared for the Committee. It is my hope that the report on Skid Row will be carefully studied and utilized by the Council and Mayor.

MEMBERS:

MARY AIDLIN
HAL BERNSON
DOROTHY BLAKE
BARBARA BLINDERMAN
RUTH E. BROWN

C. EDWARD DILKES
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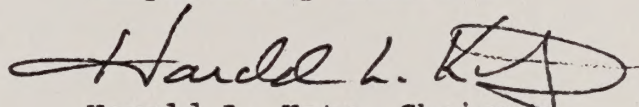
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BERKELEY, CA 94720

My assignment as chairman of this Committee constitutes my first in-depth exposure to City Hall. I accepted my appointment with many trepidations, not the least of which was a concern over the commonly held belief that dealing with the bureaucracy of City Hall would be frustrating. Nothing could have been farther from the truth.

I take great pride in the contents of this report; it is a reflection of the efforts of the dedicated members of this Committee. It is also a reflection of the outstanding capabilities of the Chief Legislative Analyst, Mr. Ken Spiker and his staff members, Messrs. Mark Ryavec and Bob Weber and Mrs. Jeanne Bailey, as well as the other members who assisted us behind the scenes. It is indeed regrettable that the citizens of Los Angeles are unaware of how fortunate they are to have Mr. Spiker and his staff working on their behalf.

While the assigned task of this Committee is completed, I do not believe our job is done. We were handed a complex problem and we, by necessity, had to respond with complex written answers. Although a major effort was put forth to write clear and simple answers, this was not always possible. Accordingly, I will make myself available to the Planning Committee as needed. Many of the members of the Committee have also indicated their willingness to appear before and assist the Planning Committee.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Harold L. Katz", with a stylized flourish at the end.

Harold L. Katz, Chairman
Citizen Advisory Committee
Central Business District

HLK:lp

REPORT OF THE
CITIZENS ADVISORY COMMITTEE

ON THE
CENTRAL BUSINESS DISTRICT REDEVELOPMENT PLAN



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COMMITTEE HISTORY

The City Council, on December 19, 1975, adopted its Planning Committee Report establishing a temporary moratorium on the Central Business District Redevelopment Project and establishing an independent Citizens Advisory Committee consisting of nineteen members. The appointment of the nineteen members was completed on time and the Committee's first meeting was held on January 19, 1976. Shown as Exhibit 1 is a listing of the Committee members, their background or affiliation and who appointed them to the Committee.

The Committee agreed at one of its earliest meetings to adopt a plan of action to guide deliberation and information gathering for the Committee. The regular Committee meetings were broken into four phases. Phase one consisted of a series of meetings during which the Committee received educational and informational presentations of facts and current status of the Redevelopment Plan and related issues. The second phase of the meetings was confined to receiving input from individuals and/or agencies who had already publicly been identified as to their position on the Plan. Shown as Exhibit 2 is a listing of all individuals who appeared before the Committee. Where time constraints required, the Committee requested that those individuals, who had asked to speak to the Committee to present their views and information regarding the Redevelopment Plan, to do so in written form. After review of written documents, the Committee then decided whether it was necessary to receive an oral presentation from these individuals.

During phase three, which was to some extent concurrent with phase two, the Committee generated numerous questions regarding the Redevelopment Plan and, with the assistance of the Office of

the Chief Legislative Analyst, requested that various city and county agencies provide their responses to these questions. Phase four consisted of the final meetings of the Committee and focused on Committee consideration of 1) all facts gathered and presented, 2) formulation of recommendations, and 3) finalization of the Committee report.

The Committee realized early that the thirteen meetings originally planned were not sufficient to fulfill the charge to the Committee, thus special meetings were added to the original time table, with the Committee meeting for approximately 5-6 hours per week. In addition to the 24 regular Committee meetings, the members made two bus tours of the Central Business District area and attended a debate on Tax Increment Financing which was conducted by the National Association of Housing and Redevelopment Officials.

The members have been fully aware that the Committee is subject to Brown Act provisions and the Committee has fully complied with the requirements of that Act. A legal time and place for the Committee's regular meetings was established and a weekly agenda was published. In addition, an agenda has been published for the many special meetings which have been called. Roberts Rules of Order have governed the Committee's procedural activities. In addition, the Committee adoption of its "answers and recommendations" was subjected to two readings and required two separate votes, the second vote being the official position of the Committee.

Biographies of each member have been submitted and have been made a part of the Committee's official file.

Staff services for the Committee have been provided by the Office of the Chief Legislative Analyst. In addition, we have also had at each meeting a representative of the City Attorney's Office, the City Planning Department and a representative of the Community Redevelopment Agency.

After much discussion the Committee voted to accept a statement of economic interest, shown as Exhibit 3, which members voluntarily completed and signed. All members of the Committee completed their statements, which are on file with the Chief Legislative Analyst.

Numerous agencies and individuals have provided the Committee with analyses and information regarding the Downtown Redevelopment Plan. The material has been used extensively by the Committee in the determination of our final recommendations. All of the documents submitted to the Committee are on public file in the Office of the Chief Legislative Analyst.

COMMITTEE ANSWERS TO THE SEVEN QUESTIONS

CONTAINED IN THE COMMITTEE'S CHARGE

QUESTIONS #1 and #2

1. What will be the maximum tax increment expenditure in the Central Business District Redevelopment Project over the life of the project?
2. How much will the CBD Redevelopment Plan cost the average taxpayer in additional annual taxes?

SUMMARY ANSWER:

The Committee believes that there is no way of establishing these figures without establishing a limitation on the net tax increment funds to be expended under the Plan.

No projection of the impact on individual taxpayers can be computed without assuming the existence of specific amounts of tax increment money. The actual amount of tax increment that will be available cannot be projected.

If, in fact, a limitation of \$750,000,000 was adopted by action of the Los Angeles City Council, it would appear, based on the research that we have done, that the cost in 1976 dollars to the average Los Angeles City household will be approximately \$20.00 per year for a 35-year period. This figure does not account for the possibility that the Plan will produce benefits for the taxpayer by increasing the tax base in the Central Business District by drawing businesses and jobs from outside the County, thus ameliorating the tax burden of all households within the County. If the limitation exceeds \$750,000,000 the annual cost per household would be proportionately more; conversely, if the limitation is lower, the annual cost per household would decrease proportionately.

THE AMOUNT OF \$750,000,000 IS USED FOR PURPOSES OF ILLUSTRATION ONLY AND IS NOT INTENDED TO IMPLY A RECOMMENDATION OF THAT AMOUNT BY THIS COMMITTEE. THE COMMITTEE DEALS WITH THE QUESTION OF A LIMITATION IN ANOTHER PART OF THIS REPORT.

Committee Vote:

First Reading

Ayes -14
Noes - Bernson, Karp
Abstentions - 0
Absent - Samaniego,
Topping, Ward

Second Reading

Ayes - 15
Noes - Bernson, Karp
Abstentions - 0
Absent - Hicks, Topping

Explanation of Answer to Questions# 1 and # 2

The conclusion of the Committee was that a project limited to net expenditures of tax increment funds in the amount of \$750 million (in 1976 dollars) could cost the average Los Angeles City household approximately \$20 per year for a period of thirty five years.

Of all of the subjects studied by this Committee, the question of what the CBD Redevelopment Plan will cost the average property taxpayer generated more testimony and written reports than any other single subject.

In theory, because the bulk of the financing for a redevelopment project ordinarily comes from tax on the improvements which result from the project (tax increment), there should be no shift, in the absence of inflation, to other taxpayers. We refer you to Exhibit 4, an excellent paper by Robert Fountain which explains how tax increment financing functions. The theory of how tax increment financing is supposed to work does not put to rest the suspicion that some shift could take place, and the Committee concluded that it will.

It is therefore important to determine what the magnitude of such a shift may be, if it occurs, and what the maximum effect on an average household might be. The following three approaches, from different starting points, all lead to the conclusion that the magnitude of the effect on the average household would be on the order of \$20 a year.

Approach #1

This approach was based on asking what it would cost the average homeowner if the entire assessed value of the CBD were completely removed from the tax rolls. This is a worst-case approach, because creation of a redevelopment area does not in fact remove the CBD from

the tax rolls, but only freezes the amount of taxes, to be shared by the various taxing agencies, at present levels. The following calculations reflect the result of this "worst case approach":

$$\frac{\text{Assessed Value}}{100} \times \text{Tax Rate} = \text{Property Taxes Levied}$$

	<u>Net Assessed Valuations *</u>	<u>Tax Rate*</u>	<u>Property Taxes Levied</u>
Los Angeles City	\$ 8,486,865,982	\$ 3.0813	\$261,505,802
Los Angeles County	22,095,067,513	4.5185	998,365,626
L.A. Unified Schools District	10,440,632,363	5.3784	561,538,971
School Service Fund	10,440,632,363	.1029	10,743,411
Community Colleges	12,689,887,146	.6910	87,687,120
Flood Control	21,284,885,384	.3830	81,521,111
Water District	8,409,603,051	.1300	10,932,484
		<u>\$14.2851</u>	

Net secured and unsecured assessed value for CBD (public utilities unknown) = \$440,457,176. By subtracting the assessed value of the CBD from the assessed value of each taxing agency, a new assessed value (minus CBD) is obtained, which can in turn be used to determine the new tax rate necessary to raise the same amount of property taxes.

$$\text{Tax Rate} = \frac{\text{Property Taxes Levied} \times 100}{\text{Assessed Value}}$$

	<u>Net Assessed Valuations* (Less CBD)**</u>	<u>Property Taxes Levied (See Above)</u>	<u>Tax Rate (adjusted)</u>
Los Angeles City	\$ 8,046,408,806	\$261,505,802	\$ 3.2500
Los Angeles County	21,654,610,337	998,365,626	4.6104
L.A. Unified School District	10,000,175,187	561,538,971	5.6153
School Service Fund	10,000,175,187	10,743,411	.1074
Community Colleges	12,249,429,970	87,687,120	.7154
Flood Control	20,844,428,208	81,521,111	.3911
Water District	7,969,145,875	10,932,484	<u>.1372</u>

Tax Rate Adjusted for Reduced Assessed Value \$14.8268

*Per Taxpayer's Guide, 1975-76

**Central Business District valuation per the Los Angeles County Auditor-Controller

Fair Market Value of House	<u>\$36,000</u>
Assessed Value (\$36,000 x 25%)	\$ 9,000
Less Homeowner's Exemption	<u>1,750</u>
Taxable Value	<u>\$ 7,250</u>
Tax Levy @ \$14.2851 tax rate	<u>\$ 1,035.67</u>
Tax Levy @ \$14.8268 tax rate	<u>\$ 1,074.94</u>
Additional Tax on \$36,000 House (3.79%)	<u>\$ 39.27 *</u>
Additional Tax on \$50,000 House (3.79%)	<u>\$ 58.24 *</u>
Additional Tax on \$75,000 House (3.79%)	<u>\$ 92.09 *</u>

*These figures, do not represent annual costs, but rather represent a one time hypothetical charge.

Approach #2

The second approach involves 1) assuming that \$750 million in tax increment funds will be spent over a period of 35 years, 2) determining what percentage this \$750 million would be when compared with the total raised from local property taxes over 35 years, and 3) then determining by what amount this \$750 million would raise such taxes. We have ignored inflation for the first example under this approach, and included a factor for inflation in the second example.

Example 1

	<u>Net Assessed Value</u>	<u>Tax Rate 1975-76</u>	<u>Tax Levy</u>
Los Angeles City	\$ 8,486,865,982	\$ 3.0813	\$261,505,802
Los Angeles County	22,095,067,513	4.5185	998,365,626
L.A. Unified School District	10,440,632,363	5.3784	561,538,971
School Service Fund	10,440,632,363	.1029	10,743,411
Community Colleges	12,689,887,146	.6910	87,687,120
Flood Control	21,284,885,384	.3830	81,521,111
Water District	8,409,603,051	.1300	10,932,484
Totals		\$14.2851	\$2,012,294,525

If we assume that the \$750 million of tax increment funds will be expended over a 35 year period (including the life of bonds, if needed) we must determine the ratio of \$750 million to (\$2,012,294,525 x 35 = \$70,430,308,375) which is 1.065%.

	<u>\$36,000</u> <u>House</u>	<u>\$50,000</u> <u>House</u>	<u>\$75,000</u> <u>House</u>
Cost to owner			
Taxable Value	<u>\$7,250.00</u>	<u>\$10,750.00</u>	<u>\$17,000.00</u>
Taxed at \$14.2851 per \$100	<u>\$1,035.67</u>	<u>\$ 1,535.65</u>	<u>\$ 2,428.47</u>
Additional Yearly Tax at 1.065%	<u>\$ 11.03</u>	<u>\$ 16.35</u>	<u>\$ 25.86</u>

Example 2

If inflationary rates are applied, they must be applied to all factors including the market and assessed values of the house. Accordingly, if the above figures are adjusted for a 6% inflationary rate, in the 35th year they would appear as follows:

	<u>\$36,000</u> <u>House</u>	<u>\$50,000</u> <u>House</u>	<u>\$75,000</u> <u>House</u>
Fair Market Value	<u>\$276,840.00</u>	<u>\$384,500.00</u>	<u>\$576,750.00</u>
Assessed Value	<u>\$ 69,210.00</u>	<u>\$ 96,125.00</u>	<u>\$144,157.00</u>
Taxable Value assuming homeowners exemption of \$13,458	<u>\$ 55,752.00</u>	<u>\$ 82,667.00</u>	<u>\$130,729.00</u>
Tax at \$14.2851 per \$100 (assuming 1975-76 tax rate)	<u>\$ 7,964.23</u>	<u>\$ 11,809.06</u>	<u>\$ 18,674.77</u>
Additional tax at 1.065%	<u>\$ 84.82</u>	<u>\$ 125.77</u>	<u>\$ 198.89</u>

A hasty reading of the preceding two examples and the example which follows may at some points cause them to appear incongruous. However, these are three separate and distinct approaches. For instance, approach #1 of example #1 attempts to show the effect of complete elimination of the \$440 million assessed valuation of the Central Business District from the tax roll. It is based on one year. On the other hand, approach #3, which follows, is an attempt to estimate what the cost would be to an average homeowner if all of the \$750 million tax increment financing were spread among homeowners City- and County-wide over a period of 35 years.

We caution the reader that approach #1 cannot be related to the \$750,000,000 limitation by saying that \$440,457,176 equals 58.7% of \$750,000,000, therefore, \$92.09 (the additional annual tax on a \$75,000 house) equals 58.7% of \$156.88 and \$156.88 is therefore the annual cost. Using this approach \$156.88 would be the total cost over the life of the plan, assumed to be 35 years in these examples, or \$4.48 per year on a \$75,000 house.

Approach #3

With a multitude of calculations available for purposes of determining the answer to question #2 and because the Committee believes all calculations would probably lead to approximately the same conclusion, the Committee selected a method which it believes to be the simplest to explain.

Robert Ellickson, Professor of Law, U.S.C., appeared before the Committee and submitted the following presentation which the Committee has used to arrive at its conclusion:

1. He stated that approximately 60% of all property taxes paid by residents of the City of Los Angeles goes to the City and the School District with the remaining 40% going to the County.
2. Assuming an expenditure of \$750,000,000 of tax increment funds, 60% of the costs would be borne exclusively by city taxpayers, and the remaining 40% would be borne by all county property taxpayers.

3. He stated that there are approximately 900,000 households in the City of Los Angeles and 2,300,000 households in Los Angeles County. Therefore, each county household would bear \$130 in costs ($\$750,000,000 \times 40\% = \$300,000,000$ divided by 2,300,000 households). Each City household would bear an additional \$500 in costs ($\$750,000,000 \times 60\% = \$450,000,000$ divided 900,000), for a total of \$630 for households located in Los Angeles City.
4. He then assumed that the \$630 will be paid over 35 years with interest at 6% per annum for a total of \$1,505 or \$43 per year.

This figure of \$43 ignores the fact that between 45% to 55% of property taxes paid in Los Angeles County are paid by nonresidential property taxpayers.

At this point it is important that the reader totally understands certain basic assumptions implicit in this example:

1. Professor Ellickson has treated the total of \$750,000,000 as being a cost. As stated previously in this section, to the extent new development occurs which would not as otherwise have occurred in the City or County, there is no cost; to the extent it is a shift from another part of the City or the County there is, in fact, a cost. The Committee has concluded that some portion of the expenditures will be for development which would not have otherwise occurred thereby reducing cost to some figure less than \$750,000,000.

2. While Professor Ellickson used 60% as the percentage of property taxes paid by Los Angeles City residents, the Committee believes, based on additional information supplied to it, the figure is probably closer to 65%. Adjusting for this change, the County taxpayers share becomes \$91 and the City taxpayers share becomes \$542 for a total of \$633, a difference of \$3 from the original \$130 and \$500 as reflected in the preceding paragraph #3.
3. The \$43 per year cost assumes that the entire \$750,000,000 will be disbursed in year one. Accordingly, 58.1% of \$43 annual payment or \$24.98 represents an interest cost, leaving \$18.02 as base costs. We know that the expenditures, if made, will be made over a period of years thereby materially reducing the \$43.00.
4. The Statistical Research and Consulting Division, California State Board of Equalization prepared and issued a schedule of estimated distribution of state and locally assessed property taxes for 1973-74 by property type. It showed that 44.7% of the property taxes were paid by improved single and multiple family residences. The office of the Chief Administrative Officer, County of Los Angeles estimates that 47.1% of the property taxes are paid by single and family residences. The Community Analysis Bureau, a Los Angeles City agency, has estimated that for 1974-75, 56% of the total City property taxes were paid by single and multiple residences.

Using Professor Ellickson's determinations, and giving effect to certain required adjustments due to the underlying assumption, the Committee concluded that the cost in 1976 dollars, to the average Los Angeles City household will be \$20 per year for a 35 year period.

The Committee wishes to stress that all estimates regarding costs are based on assumptions. These assumptions cover a wide range of factors such as: 1) a lack of a provision for any financial benefits that might accrue as a result of the success of the planned project 2) inflationary rates 3) increases or decreases in assessed valuations 4) tax increment to be generated in the Central Business District 5) future taxes to be generated by the Central Business District if no redevelopment takes place, etc. Because a change in any one assumption can drastically change or distort a result, this is an area where representation or estimates must be carefully examined.

The Committee knows that anyone wishing to attack its conclusions in this area will be able to do so. However, we feel that our conclusions are as accurate as possible under the circumstances. The Committee also wishes to acknowledge that the County Tax Assessor's Office alleged that many of the figures that were furnished to us by various witnesses were incorrect. However, the Committee was not furnished with sufficient data and supporting information by the County Tax Assessor's Office to validate those allegations. In fact the Committee obtained several independent confirmations of the accuracy of the figures upon which it relied.

The following sources of financial information were relied on by the Committee:

1. Office of the Assessor, County of Los Angeles
2. Howard A. Finn
3. Jeff Chapman, Assistant Professor of Public Administration,
University of Southern California
4. Robert Ellickson, Professor of Law, University of Southern
California
5. Fred E. Case, Professor of Real Estate and Urban Land
Economics, University of California at Los Angeles
6. Donald Shoup, School of Architecture & Urban Planning,
University of California at Los Angeles
7. Community Redevelopment Agency

Committee Vote:	<u>First Reading*</u>	<u>First Reading**</u>	<u>Second Reading***</u>
	Ayes - 13	Ayes - 14	Ayes - 15
	Noes - Bernson	Noes - Bernson	Noes - Bernson
		Karp	Karp
	Abstentions - 0	Abstentions - 0	Abstentions - 0
	Absent - Hicks	Absent - Samaniego	Absent - Hicks
	Karp	Topping	Topping
	Kilgore	Ward	
	Samaniego		
	Topping		

*Only on Approaches #1 and #2

**Answer excluding Approaches #1 and #2

***Vote is on all of the explanation to
questions #1 and #2

QUESTION #3:

What is the Central Business District presently costing the same average taxpayer in services that are not met by revenues collected from within the project area?

ANSWER:

The cost of services cannot be computed for the project area because the relevant data is obtainable only from city and other governmental departments whose service areas include larger territories than the Central Business District area. For example, the police and fire protection expenses are accounted by areas larger than the CBD. Accordingly, these figures cannot be computed for the CBD alone. Revenues attributable to sales tax, license tax and cigarette tax cannot even be estimated for the CBD area because they are not accounted by any area smaller than the City as a whole.

Accordingly, neither costs nor revenues can be accurately estimated.

Secondly, the question of "net cost" for any one area is not important because some of the revenues (sales tax, cigarette tax, etc.) are collected city wide, and many of the problems (crime, health, etc.) are the result of activities which occur locally but are extensions of region wide problems.

The heads of City Departments which provide the two most expensive governmental services (Police & Fire) testified that, if fully implemented, the plan would reduce some expenditures, but would increase others. Accordingly, they concluded that the cost of their services would be largely unaffected by the Plan.

Committee Vote:

First Reading

Ayes - 13
Noes - 0
Abstentions - 0
Absent - Dilkes
Hicks
Kilgore
Topping
Ward
Wood

Second Reading

Ayes - 17
Noes - 0
Abstentions - 0
Absent - Hicks
Topping

QUESTION #4

What is the trend of assessed valuation for the last three and ten years for the County, City and Central Business District area?

SUMMARY ANSWER:

While the basic information required to answer this question is available for the County and the City, it is not readily available for the Central Business District. The County Tax Assessor commenced maintaining records of assessed valuations for the Central Business District with the year 1974-75.

Based on information furnished by the County Tax Assessor this Committee determined that the trend of assessed valuation for the County and the City is steadily upward. During the ten year period ending 1975/76, assessed valuations (before exemptions) increased as follows:

	<u>1965/66</u> <u>(000 omitted)</u>	<u>1975/76</u> <u>(000 omitted)</u>	<u>Increase</u> <u>(000 omitted)</u>	<u>% of</u> <u>Increase</u>	<u>Aver. %</u> <u>Increase</u> <u>Per Year</u>
County	\$14,886,235	\$25,999,598	\$11,113,363	74.7	7.5
City	\$ 5,976,513	9,841,794	3,865,281	64.7	6.5

During the three year period ending 1975/76, assessed valuations (before exemptions) increased as follows:

	<u>1972/73</u> <u>(000 omitted)</u>	<u>1975/76</u> <u>(000 omitted)</u>	<u>Increase</u> <u>(000 omitted)</u>	<u>% of</u> <u>Increase</u>	<u>Aver. %</u> <u>Increase</u> <u>Per Year</u>
County	\$21,889,026	\$25,999,598	\$4,110,572	18.8	6.3
City	8,468,097	9,841,794	1,373,697	16.2	5.4

The County Tax Assessor furnished the Committee with information regarding assessed valuations of land and improvements for an area known as the City Central Area (consisting of 11 specific map books;

see Exhibit 5), covering the eleven year period ending with 1975/76.

A key question in determining the trend of assessed valuation in the City Central Area is how to treat the major office building construction which has taken place during the last ten years. Should they be included or excluded in attempting to establish a trend? Based on the Tax Assessor's information, schedules were prepared (see Exhibits 6 and 7) of the 11 map books comprising the City Central Area, comparing the 1974/75 to 1975/76 and the 1972/73 to 1975/76 assessed valuations.

These 11 map books reflect an increase in assessed valuations of \$4,080,010 for the one year period 1974/75 - 1975/76. However, if Map Book 5151, which includes part of Bunker Hill, is eliminated, the area shows a decrease of \$5,648,440. Accordingly, while the County shows an increase of 8.31%, and the City shows an increase of 6.51%, the City Central Area, excluding map book 5151, shows a 2.18% decrease for the one year.

It is said that you cannot determine a trend by one year's results and the Committee agrees. It is also said that one cannot anticipate that the major development in the Central Business District of the last ten years will continue in the next ten years and the Committee agrees that this may also be correct.

The Committee concluded that the assessed valuation of the Central Business District has either increased or decreased, depending on how the reader wishes to interpret the facts.

Committee Vote:	<u>First Reading</u>	<u>Second Reading</u>
	Ayes - 14	Ayes - 16
	Noes - 0	Noes - Karp
	Abstentions - 0	Abstentions - 0
	Absent - Dilkes	Absent - Hicks
		Topping
	Hicks	
	Kilgore	
	Topping	
	Ward	

EXPLANATION OF ANSWER TO QUESTION #4

The County Tax Assessor has provided a comparison of gross assessed values for the tax years 1965/1966 to 1975/1976 for Los Angeles City and Los Angeles County. These two documents are provided as Exhibits 8 and 9 respectively. A summary is provided as Exhibit 10.

The Assessor indicates that the total increase in assessed valuation for Los Angeles City for 1965 to 1975 was \$3,865,281,000 (64.7%). For the same period the Tax Assessor indicated an increase of \$11,113,363,000 (74.66%) for the County.

The Central Business District was approved and adopted by Ordinance #147,480 on July 18, 1975. The County Tax Assessor indicates that that office does not have real estate parcels and business locations within the CBD identified by code on the 1973/1974 and prior year's assessment rolls. The Tax Assessor further indicates that the limited benefits that might be derived from a 10 year compilation of assessed values in the CBD area would not warrant the cost of developing the information. On March 1, 1976 he did provide a report dated August 12, 1975 which contains a 10 year comparison of assessed valuations of land and improvements, excluding public utilities, for the entire Central City Area. Exhibit 5 indicates the boundaries of the Central City Area that were used in the Assessor's study. Exhibit 11 contains a schedule of the comparative secured assessed values for the years 1965 and 1975. This schedule reflects a \$153,855,105 (74.02%) increase in the assessed values of land and improvements for the Central City Area. With the removal of the assessed values for land and improvements in the Bunker Hill Urban Renewal Project, the increase drops to \$108,328,535 (52.4%).

On March 8, 1976 the Senior Deputy Administrator of the Community Redevelopment Agency provided a report, the original source of assessed valuations contained therein being the County Tax Assessor's records, which contains schedules of local secured assessed valuations (net of all exemptions) for each of the last 10 years, and comparative schedules of local secured assessed valuations trends (net of all exemptions) for the periods 1966-1975 and 1973-1975. These documents cover only the area within the boundary of the CBD project extracted from the map books indicated (see Exhibit 12). The schedules do not show the unsecured portions of the assessed valuations because prior to the 1974/1975 tax year the County Auditor-Controller did not tabulate the unsecured roll by map book area. Schedules 1, 2 and 3 of the CRA report (see Exhibit 13) indicate that for the CBD area, which is a smaller area than that used by the Tax Assessor in his computations, the net increase, for the period 1966 through 1975, in local secured assessed valuation, was \$107,092,815 (49.4%). The CRA report also isolates three areas (see Exhibit 14) which are identified as the Occidental Center (Map Book 5139), the Commercial Core (5144) and the Westside Financial District (5151). Their computations indicate that \$102,191,880 of the \$107,092,815 increase in assessed valuation of the CBD was from these three areas. The same schedule shows that, excluding those three areas, the increase in the value of the Central Business District over the period 1966-1975 was \$4,900,935 (5.1%).

It is of particular interest to note the comparison of increases in assessed valuations during the 10 year period 1966-1975:

	<u>Percentage</u>
*City of Los Angeles	64.7
*County of Los Angeles	74.7
*City Central Area	74.0
*City Central Area (excluding Bunker Hill)	52.4
**Central Business District	49.4
**Central Business District (excluding the Occidental Center, the Commerical Core and Westside Financial District)	5.1

Please note that there is a one year difference in the base years, 1965-1975 for the Tax Assessor's report and 1966-1975 for the CRA's report. Also, the CBD figures exclude the unsecured portions of assessed valuation which are not available for the Central Business District.

The CRA, in Schedule 2 of the same Exhibit, provides the local secured assessed valuation trends for 1973-1975 and shows a 2% increase in the assessed valuation over that time period. The CRA also indicates that with the exclusion from the computation of the Occidental Center, the Commercial Core and the Westside Financial District there was a \$5,125,645 (4.8%) DECREASE in assessed valuation of the CBD area during 1973-1975.

Schedule 3 of the same Exhibit indicates that no tax increment

*Per County Tax Assessor's office

** Per Community Redevelopment Agency

would have been available for the project during 1975/1976 due to a decrease in assessed valuation. The tax assessor in his letter of March 1, 1976 indicates that 1976/1977 will be the first year that tax increment may be available from the Central Business District. That information will not be available until after this report has been filed with the City Council. Conversely the CRA has projected a continuing decrease in assessed valuation for the CBD with the result that there would be no tax increment for the year 1976-77.

A review of Exhibit 11, provided by the Tax Assessor, makes clear that there are some significant portions of the Central City Area (represented by map book designation) that have had little or no growth, and in one instance a decrease in assessed value, during the 1965-1975 period. Eight of the ten map book areas have failed to maintain an increase rate equal to the rest of the City and five of the ten map book areas have had half as much growth in assessed values as the City. In viewing just the last three years, the CRA indicates, as mentioned before, that excluding the Occidental Center, the Commercial Core and the Westside Financial District, that there has been a 4.8% decrease in the secured assessed valuation of the Central Business District area.

We enclose as Exhibit 15 a schedule which compares the annual assessed valuation, excluding unsecured and State assessed values, net of exemptions, for the County, City, and Central Business District.

As stated in the Committee's answer to question #4, the assessed valuation of the Central Business District during the period 1965 through 1975 has either increased or decreased, depending on how the reader wishes to interpret the facts.

Committee Vote:

First Reading

Second Reading

Ayes - 15
Noes - 0
Abstentions - 0
Absent - Kanner
Karp
Topping
Ward

Ayes - 16
Noes - Karp
Abstentions - 0
Absent - Hicks
Topping

QUESTION #5

"What will the cost be to the taxpayers in future years if nothing is done downtown?"

ANSWER:

We have defined "costs", in the context of this question, to encompass both dollar and social costs. We have further defined "nothing" as including a lack of any governmental action.

Based on oral and written testimony received by the Committee we assume that if nothing is done downtown there will be a continued spread of blight with the following consequences:

I. There will be a loss of existing jobs and businesses by relocation out of the CBD as well as the City and County of Los Angeles.

II. Revenue from sales tax and related business activities will decline, exerting pressures on other forms of revenue sources.

III. The real property tax base in the Central Business District will continue to erode, further exerting pressures on other forms of revenue sources, including property taxes in the remainder of the City.

IV. With a status quo CBD the influx of any major new business ventures will decline.

V. Personal income throughout the City will decline with a shrinkage of job opportunities.

VI. The lack of a redevelopment plan may inhibit the construction of low, moderate or market rate housing within the CBD

project area due to the inability of the private sector to assemble and finance such construction.

Without a plan, the problems of skid row, the circulation system and parking facilities will either be left untouched, or handled in a peacemeal fashion.

VII. The outward migration of affluent residents living near the central city into the suburbs has and will continue to require decentralized services with costs far above those occurring in the central city.

These services include items such as sewers, water, roads and schools in addition to the expansion and/or duplication of present administrative and judicial facilities.

VIII. Welfare costs will increase in the CBD with its resultant need for higher taxes. The probability is that police and fire costs will also increase.

IX. Spread outward from a central city is energy wasteful. Sprawl and low density growth requires more energy than a centralized city facility. With the predictions of massive energy problems, this effect must not be overlooked.

X. The flight of affluent residents living near the central city will accelerate, leaving the poor as the majority residents in the area. This could exacerbate "have and have not" problems within our society.

XI. The existing CBD represents a substantial public investment in such items as buildings and public infrastructure (streets, sewers, power facilities, etc.) which would be wasted, if not totally lost, if nothing were done downtown.

The Committee does not suggest that implementation of the Plan will guarantee a reversal of the downtown deterioration, but we believe that without any action the described cycle will continue at the indicated cost to the taxpayers.

Committee Vote: First Reading

Ayes - 15
Noes - Bernson*
Abstentions - 0
Absent - Kanner
 Karp
 Topping

Second Reading

Ayes - 15**
Noes - Bernson, Karp
Abstentions - 0
Absent - Hicks
 Topping

*Mr. Bernson indicated that he voted "no" specifically due to Item V of the answer.

**Mrs. Aidlin qualified her "yes" vote, stating that she objected to statement V being included in the answer.

QUESTION #6:

A. Can and should the project be financed only by the increment in taxes generated as a result of the project itself, and not by taxes which result from ordinary inflationary increases in value?

B. In precise terms, in no event shall CRA receive tax increments based upon tax rates in excess of the total of all the 1974-75 tax rates of all affected taxing agencies (\$14.04)?

SUMMARY ANSWER TO QUESTION 6A:

In theory, a limitation could legally be imposed (by contract or otherwise) which would allow the CRA to appropriate and use only those tax increments which are attributable to its own redevelopment activities, and which are not attributable to so-called "normal" inflationary increases in fair market value (and consequently assessed value) in the project area. In practice, however, it may be impossible to determine the proper calculation of this "inflationary" increment. Further, if the project area boundaries are properly defined to begin with, and if there is an overall limitation on the maximum tax increment dollars the CRA will be able to utilize, the Committee believes that any inflationary increment (if there be such) should properly be available to the CRA for use in financing its activities in the project area.

SUMMARY ANSWER TO QUESTION 6B:

Under existing law, the CRA would be entitled to receive the appropriate share of tax increment attributable to increases in the tax rate above the "frozen" tax base. From a policy standpoint, however, it would appear fair and equitable that such increases be passed through to the regular taxing agencies.

Committee Vote:	<u>First Reading</u>	<u>Second Reading</u>
	Ayes - 16	Ayes - 17
	Noes - 0	Noes - 0
	Abstentions - 0	Abstentions - 0
	Absent - Hicks	Absent - Hicks
	Topping	Topping
	Ward	

Explanation of Answer to Question #6A:

The question asked is important because it goes to the heart of tax increment financing theory. Theoretically, tax increment financing is properly utilized when the fair market values (and consequently assessed values) within an area are plunging, and progressively fewer tax dollars are thus being generated within the area. Under such circumstances, theoretically, everyone benefits if the government chooses to divert, in the short term, some tax revenues (i.e., the tax increment) which will enable the government to be a co-investor in the area in order to attract private investment to "revitalize" the area, thereby turning the area around and, in the long run, increasing the fair market values and the assessed values. This is the very essence of tax increment financing.

If however, the fair market values would rise in any event (e.g., through inflation), it may be considered unfair and inequitable for the resulting tax increments to be subject to capture by the CRA. Theoretically, the increments would not be attributable to the CRA's own activities. Rather, they would be attributable to normal market pressures, and arguably should be distributed among the regular taxing agencies (e.g., the County, the school district) which would otherwise reap the benefits of such "normal" inflationary increases.

Further, it would, in theory, be legally possible to segregate out this "normal" inflationary increment, so as to require that it not be diverted to the CRA, but be passed on to the regular taxing entities, such as the County. This could be done by at least four possible methods:

(1) Establish "policy guidelines." The CRA receives tax increments only to the extent that it has actually incurred indebtedness. (Additional tax increments automatically flow to the regular taxing agencies.) Since the CRA cannot normally incur indebtedness without City Council approval of the CRA's annual budget and work program, the City Council could adopt "policy guidelines" which would require that the CRA can incur indebtedness only over and above "normal" inflationary increments. Such "policy guidelines" would be subject to change at any time.

(2) Enter into Binding Contractual Agreements. The CRA could enter into binding agreements with the various regular taxing agencies to rebate to those agencies a certain portion of the tax increments otherwise allocated to the CRA each year. The rebatable portion could be based upon the so-called "normal" inflationary increment.

(3) Amend the Redevelopment Plan. Upon recommendation by the CRA, the City Council could, if it chose, amend the CBD Redevelopment Plan according to existing procedures for amendment, so as to write the desired limitation into the plan itself.

(4) Adopt a new Redevelopment Plan. If the Council chose, it could, upon CRA recommendation, abandon the existing redevelopment plan and adopt a new plan which contained the desired limitation.

The above being stated, it may nevertheless be impossible from a practical standpoint and undersirable from a policy standpoint to impose such a limitation on the CRA's ability to utilize the tax increments from "normal" inflationary pressures. Accordingly, if tax increment is used, we conclude that such limitations should not be employed.

From a practical standpoint, it would be extremely difficult to isolate that portion of tax increments in the CBD which are attributable solely to "inflationary" pressures. The Committee has heard no testimony which would suggest a practical formula. To the contrary, the evidence before the Committee is that it would probably be impossible to segregate this "inflationary" increment. For example, suppose the cost of living index were to increase six percent one year because of inflationary pressures. It could be suggested that the CRA should therefore receive only tax increments above six percent. But such a suggestion would be simplistic in the extreme. First, the cost of living index is based on a multitude of factors, only one of which is real estate values. Second, and more importantly, the cost of living index is not so geographically precise as to be able to identify whether a particular geographic area such as the CBD is undergoing declining values, not inflating values. Even though a broad region is experiencing inflation to the extent of six percent, a specific geographic area within that region may nevertheless be in decline.

Moreover, attempts to require that CRA pass on the "inflationary increment" may well be self-defeating. For example, assume that inflation generally is at a six percent rate, while the CBD is in a state of decline at a seven percent rate. The CBD would show a net decrease in fair market value of minus one percent. If the CRA were to do its job successfully and begin to turn the area around, it might increase fair market value by two percent in a given year. This would net out at an increase of one percent. But if the CRA were required to pass all increases in value up to six percent (the inflationary rate) to regular taxing agencies, the CRA would have to pass on the very increase which the CRA has itself created.

Further, it can be validly argued that, from a policy standpoint, if there are inflationary increases, the CRA should receive them. Partly this is because, as inflation increases the cost of living and of doing business, it will also increase the CRA's own cost of doing business. By allowing the CRA to "capture" this inflationary increment, the CRA arguably is merely being allowed to use this increment to meet its own higher costs of doing business. Moreover, allowing the CRA to capture the inflationary increment (if any), allows the CRA to pay its indebtedness in a shorter time, with considerably less interest costs resulting. To the extent there is a maximum absolute dollar limitation on the amount of tax increments that the CRA is permitted to utilize (a matter considered at greater length elsewhere in this Report), the regular taxing agencies would thus be able sooner to collect the additional tax revenues from the increased assessed valuation from the completed Redevelopment Project.

Explanation of Answer to Question #6B:

Under existing law, the CRA is entitled to receive all incremental taxes above the tax base frozen in terms of assessed value as of the date the Redevelopment Plan was established. If there is no tax increment, the CRA will, of course, receive nothing. But if assessed values do rise, the CRA is allowed to receive the entire increment--whether or not other taxing agencies (e.g., the county) increase their tax rates.

For example, if the assessed value in the CBD drops by \$1 million in the first year, it would make no difference to the CRA if the County increased the tax rate so as to recoup more taxes from the diminished tax base. But if the CBD assessed value rose by \$1 million, the entire increment would be available to the CRA, whether or not the regular taxing entities increased their own tax rates.

From a policy standpoint, however, the Committee believes that the regular taxing agencies should be able to recoup any increments which would be collectable by them due to general increases in the overall tax rate. By and large, these generalized increases are due to increased costs of services provided by these other agencies, including, inter alia, services to the CBD area. Further, it is arguable that increases in the general tax rate are partly attributable to the removal from these regular taxing agencies of the tax increment they might otherwise receive from the areas placed into tax increment financing (i.e., Redevelopment) districts, including the CBD area.

In any event, the Committee does not foresee that the amounts in question would be very large. And, there is little possibility that the tax rate (which applies to all areas within the taxing authority) would be increased merely to retaliate against lost increments from the particular geographic areas that are within redevelopment.

Committee Vote: First Reading

Ayes - 16
Noes - 0
Abstentions - 0
Absent - Hicks
 Topping
 Ward

Second Reading

Ayes - 17
Noes - 0
Abstentions - 0
Absent - Hicks
 Topping

QUESTION #7:

"How much has been the increase in assessed valuation in the CBD area in 1974-1975?"

ANSWER:

We assume that this question refers to the tax years 1974-1975 and 1975-1976. Wherever a calendar year is referred to we have assumed that it means the fiscal year beginning within that year.

The County Auditor-Controller in his letter of June 18, 1976, a copy of which is included as Exhibit 16, states that the assessed valuation of the CBD had decreased for the tax year 1975-76 as compared to the base tax year 1974-75 as follows:

	<u>Assessed Valuation*</u>
1974-75	\$443,847,888
1975-76	<u>440,457,176</u>
Decrease	\$ 3,390,712

*Includes secured and unsecured property, net of nonreimbursable exemptions and excluding the value of property owned by public utilities. The latter information has not yet been made available by the State Board of Equalization.

Committee Vote:	<u>First Reading</u>	<u>Second Reading</u>
	Ayes - 15	Ayes - 17
	Noes - 0	Noes - 0
	Abstentions - 0	Abstentions - 0
	Absent - Hicks	Absent - Hicks
	Samaniego	Topping
	Topping	
	Ward	

The foregoing answers set forth the Committee's responses to the seven specific questions directed by the Council to the Committee. The information contained in any response should not be deemed to imply the support or opposition of any Committee member to the feasibility or desirability of the CBD Redevelopment Plan. The support or opposition of the individual Committee members regarding the Plan is expressed by their vote on the motion that the Plan be adopted with the modifications recommended by a majority of the Committee (see following page).

POSITION ON THE PLAN

While the Plan is in fact a "process" and therefore unspecific as to what is to be done, and while this feature has caused some misgivings on the part of the public and some governmental officials, it is the Committee's belief that the existing protective provisions of this Plan, when combined with the amendments and implementation measures recommended by the Committee, should preclude the occurrences of abuses such as have occurred in other redevelopment projects.

Some have recommended that the existing plan be approved as written and some have recommended it be abandoned and that everything start over again. While we share some of the concerns voiced by the proponents of the idea to abandon the Plan, we believe the negative aspects of such a proposal outweigh the benefits that could be derived. We believe that the successful implementation of the Plan, including the proposed amendments, is feasible.

This plan is not going to be the ultimate solution to what ails the downtown area. It will take a massive cooperative effort between the Council, the Mayor, the Agency, the County, the people and the private sector to make the Plan work. We believe this can be done. Therefore, the Committee recommends that the Plan, including those modifications and recommendations passed by a majority of the Committee, be implemented.

Committee Vote: First Reading*

Ayes - 11
Noes - 0

Abstentions - Aidlin
Bernson**
Blinderman
Hall

Present
Not voting - Karp
Absent - Dilkes, Hicks,
Kilgore

Second Reading

Ayes - 14***
Noes - Bernson, Blinderman,
Karp

Abstentions - Dilkes***
Absent - Hicks

*The first reading and vote was on the following statement:

"The Committee supports the basic concept of redevelopment for the Central Business District".

**Mr. Bernson abstained upon the first reading based on the fact that he did not know how redevelopment was going to be financed.

***Mrs. Aidlin, who voted yes, and Mr. Dilkes, who abstained, both qualified their action with the following statement:

"We support all of the recommendations passed by this Committee. We still feel the boundaries should be contracted and that the Plan should be referendable."

"Voting against this motion would be to turn our backs on six months of work and on the most substantial step toward reform of the redevelopment process ever undertaken. Voting for it (or in the case of Mrs. Aidlin, voting for it without a qualifying statement) would be to turn our backs on issues we think important."

"We still have grave doubts about the Plan and express these in our minority report."

COMMITTEE RECOMMENDATIONS FOR THE PLAN

The Committee, after careful review and discussion, makes the following recommendations for the Los Angeles City Central Business District Redevelopment Plan, as adopted by the City Council on July 18, 1975.

1. USE OF ALTERNATIVE FUNDS PRIOR TO
EXPENDITURE OF TAX INCREMENT MONIES

The Plan should require the Agency to review alternative means of financing (other than tax increment) before the use of tax increment financing is approved and that a written finding must be made that no other means of financing is available or feasible. The use of tax increment financing for specific projects should be approved by the City Council. This procedure should be made part of the ordinance.

Committee Vote:	<u>First Reading</u>	<u>Second Reading</u>
	Ayes - 13	Ayes - 16
	Noes - Springfield*	Noes - Springfield*
	Abstentions - Wood	Abstentions - 0
	Absent - Kanner	Absent - Hicks
	Karp	Topping
	Topping	
	Ward	

*Mr. Springfield voted "no" because he felt it was not part of the Committee's responsibility to make recommendations on this issue and because specific projects are controlled by the annual work program.

Explanation of Recommendation #1

USE OF ALTERNATIVE FUNDS PRIOR TO EXPENDITURE OF TAX INCREMENT MONEYS

RECOMMENDATION

The Committee recommends that Section 501 of the redevelopment plan be amended to include a provision which limits the expenditure of tax increment funds to those projects which cannot be financed by other means and further amended to require that with each approval of tax increment expenditure, the City Council be required to approve the expenditure and also make a written finding that the expenditure of tax increment money is necessary because the improvement could not "reasonably or feasibly" be financed from any other source.

Such an amendment would:

- (1) Make the Council accountable for each expenditure of tax increment money;
- (2) Avoid the expenditure of tax increment money where other sources were available;
- (3) Avoid interference with the Council's discretion in formulating individual projects, but would
- (4) Create a remedy for misuse of tax increment money.

Much of the current controversy concerning redevelopment centers around a history of abuses in the expenditure of tax increment funds. The problem is very significant because the redevelopment agency has the power to divert property tax revenues which would otherwise flow to the County, the school district, and other taxing agencies. While these abuses have not occurred on a large scale in Los Angeles, the credibility of all redevelopment agencies is essentially undermined by the abuses which have occurred elsewhere.

The Committee heard a great deal of testimony on this issue.

For example, many public improvements and some site preparation prior to land disposition could be financed from special districts or private funds without the necessity of tax increment expenditures. In Sierra Madre, a project was created simply to divert tax increments generated from the inflation occurring in single family homes. The only proposed expenditure within the project area is the construction of a City Hall. Obviously, this is an expenditure which should have been borne by the general fund of the City of Sierra Madre. Similarly, in South Gate, the City is using tax increment funds to pave streets within the various project location areas. This avoids the expenditure of gas tax money which would otherwise be required to pave the same streets. Regional shopping centers are commonly constructed through a complicated financial transaction involving lease revenue bonds. Tax increment funds are then used, indirectly, to retire the bonds. The result of this device is that public funds are used to develop a private parking lot. Finally, numerous public improvements, such as right of way acquisition, transportation facilities, and open space improvements have been funded with tax increment funds when assessment districts or other forms of special district financing would be more appropriate.

While the Committee is concerned with these abuses and does not wish to have them occur in Los Angeles, it is virtually impossible to construct a detailed list of all alternative methods of financing each of the improvements which may potentially be constructed in the CBD Project Area. Secondly, such a rigid and detailed list would essentially tie the hands of the City Council and make the administration of the redevelopment project exceptionally cumbersome.

Accordingly, the Committee feels that the redevelopment plan should be amended to require that the Council affirmatively study all forms of alternative financing prior to the expenditure of tax increment funds. Since this is currently the informal practice in the Los Angeles Redevelopment Agency, this requirement will not create any additional administrative load.

The plan should further be amended to require that the Council make a written finding, by resolution, that no other alternative methods of financing are reasonable or

feasible, and that tax increment funds are necessary, in whole or in part, to complete the funding package.

This finding would create accountability for each expenditure of tax increment funds without depriving the City Council of its legislative discretion or any opportunity to creatively use tax increment money in the project area. Additionally, the requirement of a written finding would give taxpayers a right of enforcing proper administration of the redevelopment plan in the unlikely event that tax increment funds are irresponsibly spent.

The Council's finding should not be summary in nature, but should contain sufficient factual material to provide a basis for understanding why the Council chose to allocate tax increment funds rather than to finance a proposed improvement or project from alternative sources. Courts have limited their review of such matters and require nothing more than "substantial evidence" to support the legislative decision. Thus, nuisance litigation will not endlessly hamstring project implementation.

Lastly, it should be noted that the use of written findings is an increasingly common practice. For example, Health and Safety Code Section 33367 requires that the Council make a series of findings when a redevelopment project is adopted. Section 33445 requires that the Council find any expenditure of tax increment money "benefit the project area" when the expenditure is made to construct a public improvement. These findings serve to prevent abuse of the community redevelopment law which, by its very terms, is a very broad enabling grant of power. It is the Committee's opinion that one additional finding requirement would impose virtually no burden on the staff or Council and would insure, for the life of the plan, that tax increment moneys are expended responsibly.

Committee Vote:

First Reading

Second Reading

Ayes - 14

Ayes - 16

Noes - 0

Noes - 0

Abstain - Springfield

Abstain - Springfield

Absent - Hick

Absent - Hicks

Samaniago

Topping

Topping

Ward

2. MAXIMUM DOLLAR LIMITATION

The Committee, having determined that one of the major causes of opposition to this Plan has been the inability to determine what the cost of the Plan will be, recommends that a dollar limitation be made a part of the City ordinance which established this Plan; that this limitation be reflected in 1976 dollars and that the maximum dollar limitation be based on net tax increment expenditures.

THE COMMITTEE HAS HEARD PROPOSED LIMITATIONS RANGING FROM \$200 MILLION TO \$750 MILLION. THE COMMITTEE HAS NOT, HOWEVER, RECEIVED ANY INFORMATION UPON WHICH IT CAN REASONABLY ESTIMATE WHAT PRECISE LIMITATION SHOULD BE IMPOSED, AND THEREFORE THE COMMITTEE DOES NOT EXPRESS ANY OPINION REGARDING THE SPECIFIC MAXIMUM DOLLAR LIMITATION WHICH IS APPROPRIATE. THIS IS A MATTER THE CITY COUNCIL SHOULD DETERMINE AFTER CONSULTATION WITH THE CRA. IN ESTABLISHING SUCH A LIMITATION, A LISTING OF PRIORITIES AND POTENTIAL PROJECTS BY THE CRA IS A NECESSITY AND SHOULD BE REQUIRED BY THE CITY COUNCIL.

Committee Vote:	<u>First Reading</u>	<u>Second Reading</u>
	Ayes - 14	Ayes - 17*
	Noes - 0	Noes - 0
	Abstentions - Bernson	Abstentions - 0
	Absent - Kanner	Absent - Hicks
	Karp	Topping
	Topping	
	Ward	

*Mr. Bernson qualified his "yes" vote with the statement that he objects to the use of the \$750 million figure because he believes that total expenditures could be considerably higher.

Explanation of Recommendation #2

EXPLANATION REGARDING COMMITTEE'S MAXIMUM DOLLAR LIMITATION RECOMMENDATION

The Committee believes that probably no other matter should be of a higher priority than amending the Redevelopment Plan so as to place a maximum absolute dollar limitation on the amount of (net) tax increment dollars (in 1976 terms) that the CRA would be entitled to use under the Plan. The question of a maximum dollar limitation has arisen repeatedly in the Committee's deliberations. Such a limitation commends itself for a variety of reasons.

First, as noted in the Committee's answers to the specific questions addressed by the Council to the Committee, in the absence of such a maximum dollar limitation, there is simply no way to determine tax increment revenues that might be diverted to the CRA. Without the ability to calculate this figure, there is, in turn, no way to calculate the potential costs to the taxpayer that adoption of the Redevelopment Plan might bring.

Committee recommendation #2 notes that this current inability to calculate maximum potential taxpayer costs is one of the major factors around which political opposition to the Redevelopment Plan has developed. The average citizen has been presented with a bewildering array of potential taxpayer cost figures (all based upon speculation) and, consequently, he may question whether the Plan is acceptable. The Committee believes

that the citizens are entitled to have some reasonably specific idea of the Redevelopment Plan's maximum potential cost to the average taxpayer.

Second, a maximum limitation will assuage many of the fears of those citizens who feel that the CRA is, in essence, being handed a "blank check" which may result in extremely large amounts of funds being divertable to CRA activities.

Third, a maximum dollar limitation makes a CRA develop a more carefully thought out list of priorities: the CRA knows it has a specifically limited amount of money to spend, and must calculate more carefully the sorts of activities it should undertake in the context of a known limitation. (E.g., if the CRA knows it will have a maximum of \$750 million, it would probably undertake different activities and design different types of facilities, than if it knew it had a maximum of only \$300 million.) Such a limitation also requires the CRA to scrutinize more closely the expenditures that it makes to implement the Plan by requiring it to be more dollar-conscious.

Finally, the Committee suggests that such a limitation should be expressed in 1976 dollars, and should be a "net" figure. In other words, if the CRA acquires a parcel for, say, \$100,000 and puts in \$50,000 worth of on- and off-site improvements prior to selling the parcel to a private developer for \$90,000, the "net" cost of that transaction to the CRA is \$60,000. The \$60,000 figure would thereupon be subtracted from the total remaining tax increment dollars available to the CRA.

Committee Vote:

First Reading

Second Reading

Ayes - 15
 Noes - 0
 Abstentions - 0
 Absent- Samaniego
 Topping
 Ward
 Wood

Ayes - 17 *
 Noes - 0
 Abstentions - 0
 Absent - Hicks
 Topping

*Mr. Bernson qualified his "yes" vote with the statement that he objects to the use of the \$750 million figure because he believes that total expenditures could be considerably higher.

A Project Area Committee (PAC) should be established for the CBD Project Area. The PAC should be governed by a Board comprised of a representative cross-section of property owners, small businessmen, larger business interests, residential occupants, and other interest groups within the project area. The Board should be selected on a representative basis. The PAC should have funds and staff sufficient to carry out its charge and should have one staff person or boardmember appointed to act in the capacity of an "ombudsman".

This Committee further believes that the PAC should be given meaningful powers. Accordingly, if the PAC, by a majority vote of the members, opposes an action of the Agency, the Plan should require a majority of the legislative body to overrule their objection. In this way the PAC would have some real power in negotiating with the Agency. These provisions should be included in the Redevelopment Plan.

Committee Vote:	<u>First Reading</u>	<u>Second Reading</u>
	Ayes - 11	Ayes - 13
	Noes - Blake ¹ , Munson ² , Springfield ³ , Ward ² , Wood	Noes - Munson, Springfield ⁵ , Ward, Wood ⁴
	Abstentions - 0	Abstentions - 0
	Absent - Hicks, Samaniego, Topping	Absent - Hicks, Topping

¹Mrs. Blake voted "no" upon the first reading because of the requirement of a majority vote of the Council to override the PAC.

²Mrs. Munson and Bishop Ward voted "no" upon the first reading because of the majority vote of the Council required to override the PAC and because of the nebulousness as to how the Project Area Committee would be selected.

³Mr. Springfield voted "no" upon the first reading because he felt the issue is beyond the scope of the Committee.

⁴Mrs. Munson, Bishop Ward and Messrs. Springfield and Wood voted "no" upon the second reading because the recommendation is silent on the selection procedure for the PAC.

⁵Mr. Springfield also voted "no" upon the second reading because the recommendation, if implemented, would create unnecessary steps and because the entire issue is beyond the scope of the Committee's charge.

Explanation of Recommendation #3

A. STATEMENT OF THE PROBLEMS INVOLVED:

Throughout its deliberations, the Committee has continually been concerned about three interrelated problems:

First, that the creation of the project and its subsequent administration provide a formalized method for insuring input from affected citizens and groups within the project area.

Second, that unnecessary hardships resulting from the project administration be resolved quickly and fairly. Owner participation, relocation, or acquisition of private property may present problems in a project of this size.

Third, that an administrative solution to the resolution of grievances and conflicting claims be provided to prevent costly and protracted litigation. Resorting to the courts may result in fair decisions, but the cost imposes an unfair burden on the individual and also serves to delay the implementation of the project.

All of these potential problems can be handled by establishing a representative Project Area Committee (PAC), giving the PAC sufficient funds and staff to perform its function, and by making someone from the PAC an "ombudsman" with substantial powers to investigate problems and recommend solutions.

B. THE PROJECT AREA COMMITTEE

A Project Area Committee is required (Sections 33385-88 of the Redevelopment Law) for all redevelopment projects which had boundaries selected for study after March of 1973. A PAC is permissible (though not required) for projects which were studied before that date. The CBD boundaries were selected for study prior to 1973, so a PAC was not mandatory, and none has been established. The CRA publicly announced its intention to establish one in the near future. Such a plan was formulated but not implemented because of the moratorium.

The Committee feels that the decision to avoid the early creation of a PAC was unwise and recommends that a PAC be established immediately. The Project Area is physically very large, contains an incredible mix of different interests, and the Redevelopment Plan proposes so many different implementation devices that it is impossible to administer the plan fairly without a formalized device for citizen input. If properly constructed, the PAC would provide this vehicle.

The PAC should be comprised of representatives of all business owners, property owners and residents in the project area and should be governed by a Board of Directors. Each "interest group" (i.e. business owners, residents, etc.) should be able to select 2 or 3 members to the PAC board, and the Council should have the power to appoint one additional member. The board should not exceed 15 members. The Committee makes no specific recommendations for selecting the PAC. However, the Committee strongly feels that the PAC should be representative of the community.

The PAC board should choose its own chairperson from the elected and appointed board membership.

Section 33388 of the Community Redevelopment Law requires that the PAC be given, at Agency expense, office space, legal counsel, equipment and staff sufficient to perform its function. In the case of PAC for the CBD, this would probably necessitate 2 or 3 full-time positions. This would enable the PAC to develop and advocate plans, disseminate information and properly represent the people of the CBD Project Area.

C. THE PAC "OMBUDSMAN"

The proposed project area is extremely large, and includes many parcels of land. Therefore the possibility of administrative error exists. The Committee feels that hampering the Agency with an excessive number of rigid rules would be undesirable, because it would subtract from the Agency's power to implement the Plan. However, the Committee feels equally strongly that an administrative alternative (outside of the Agency or the City Council) should be available to an aggrieved property owner, business tenant, or residential occupant.

Additionally, problems such as accommodating conflicting owner participation claims, ameliorating the effects of property acquisition and insuring proper administration of relocation programs will be enormous in a project of this diversity and size.

Under existing law and the existing Redevelopment Plan, there are several administrative routes which an aggrieved person can pursue in order to seek redress for claimed violations of relocation or owner participation rights.

The problem with these administrative solutions is that they are time consuming and, if the individual does not

obtain his redress, his only alternative is to file suit. This is very expensive and, in the case of owner participation or opposition to land acquisition, may result in extensive delays in implementation of the project.

An ombudsman, serving at the pleasure of the PAC board, could, at the request of an individual, intervene in the administrative proceeding in order to recommend solutions.

Initially, the ombudsman's responsibility would be essentially investigative and advisory. The ombudsman should be entitled to conduct a public hearing at which the complaining individual and the Agency would be entitled to present their positions. The ombudsman would then make recommendations which would be transmitted to the appropriate department or agency involved in the administrative appeal.

If the individual's request was not accepted, he would still have his right to file suit, although the Committee feels most matters would be resolved without litigation.

More than anything else, such a formalized structure would permit the resolution of disputes prior to the implementation of any specific program. At present an aggrieved property owner or tenant is left with no alternative but to protect his rights in court. This is expensive and may cause protracted delays in project implementation. If properly structured, a PAC ombudsman would facilitate early settlement of disputes without delay or expense on either side.

Finally, to facilitate the fair treatment of owner participation claims, the Committee recommends that the present owner participation rules be amended so that such rights may be asserted within 60 days of a resolution authorizing condemnation of a specific parcel on which a business is located.

Committee Vote: First Reading

Ayes - 11
Noes - Blake¹, Munson²,
Springfield³, Ward²,
Wood
Abstentions - 0
Absent - Hicks, Samaniego,
Topping

Second Reading

Ayes - 13
Noes - Munson,
Springfield⁵, Ward,
Wood⁴
Abstentions - 0
Absent - Hicks,
Topping

¹Mrs. Blake voted "no" upon the first reading because of the requirement of a majority vote of the Council to override the PAC.

²Mrs. Munson and Bishop Ward voted "no" upon the first reading because of the majority vote of the Council required to override the PAC and because of the nebulousness as to how the Project Area Committee would be selected.

³Mr. Springfield voted "no" upon the first reading because he felt the issue is beyond the scope of the Committee.

⁴Mrs. Munson, Bishop Ward and Messrs. Springfield and Wood voted "no" upon the second reading because the recommendation is silent on the selection procedure for the PAC.

⁵Mr. Springfield also voted "no" upon the second reading because the recommendation, if implemented, would create unnecessary steps and because the entire issue is beyond the scope of the Committee's charge.

4. REQUIRE FINDING THAT REDEVELOPMENT AND
ELIMINATION OF BLIGHT CANNOT BE ACCOMPLISHED
WITHOUT AID OF THE AGENCY

The Committee recommends that the Central Business District Redevelopment Plan be altered so that the Community Redevelopment Agency shall be required to make a finding, at the time a work program is adopted, and that finding shall be approved by the City Council, that the elimination of blight, and redevelopment to be accomplished by that work program, cannot be accomplished by private enterprise without the aid and assistance of the Redevelopment Agency.

Committee Vote:

First Reading

Second Reading

Ayes - 8

Ayes - 16

Noes - Blake

Noes - Springfield

Blinderman

Abstentions - Blake

Munson

Absent - Hicks

Springfield

Abstentions - 0

Absent - Dreyfuss, Hicks,
Kanner, Samaniego,
Topping, Ward,
Wood

5. CLARIFICATION OF PLAN DURATION

The Committee has found that there is a great deal of misunderstanding regarding the life of the Plan. Accordingly, this Committee recommends that Section 800 be clarified so that it is clear that the 35-year period reflected therein applies to land use controls only.

Committee Vote:

First Reading

Ayes - 10
Noes - Springfield
Abstentions - 0
Absent - Dreyfuss
Hicks
Kanner
Kilgore
Samaniego
Topping
Ward
Wood

Second Reading

Ayes - 17
Noes - 0
Abstentions - 0
Absent - Hicks
Topping

6. SALES AND LEASES SUBJECT TO COUNCIL APPROVAL
AND REQUIRED COST INFORMATION ON SAME

The Committee recommends that the Central Business District Redevelopment Plan be amended to require that all sales and leases be subjected to final approval by the City Council, and that most of Section 33433 of proposed Assembly Bill 3672 be made a part of this plan.

Committee Vote:

First Reading

Second Reading

Ayes - 12
Noes - Springfield*
Abstention - Munson
Absent - Hicks
Kanner
Samaniego
Topping
Ward

Ayes - 16
Noes - Springfield*
Abstention - 0
Absent - Hicks
Topping

*Mr. Springfield voted "no" because he felt the issue was beyond the scope of the Committee's charge, and, upon second reading, because he felt there are adequate controls in the annual work program.

Section 33433 as proposed states the following:

Before any property of the agency is sold or leased for commercial or industrial *use such sale or lease shall first be approved by the legislative body after public hearing. Notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community for at least two successive weeks prior to the hearing.

The agency shall make available for public inspection and copying at a cost not to exceed the cost of duplication:

- a. a copy of the proposed sale or lease
- b. a summary which describes and specifies:
 1. the cost of the agreement to the agency, including land acquisition cost, clearance cost, relocation cost, cost of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreements, and the assessed worth of the lease or sale at its highest and best use: and
 2. the purchase price and sum of the lease payments which the purchaser or lessor would be required to make over the life of the agreement. If these payments are less than the value of the sale or lease at its highest and best use than the agency shall provide as part of the summary an explanation of the reasons for this difference.

This report shall be made available to the public no later than the time of publication of the first notice of the hearing mandated by this section. The resolution approving such lease or sale shall be adopted by majority vote unless the legislative body has provided by ordinance for a two-thirds vote for such purpose.

* We would strike the words "for commercial or industrial use", thereby applying this to all sales or leases,

The City Council having been given the ultimate responsibility for all sales and leases, it is now imperative that they be provided with the information required to allow them to make an intelligent decision. The provisions of Section 33433 provide for the furnishing of just such "critical information". It is important to note that this section does not preclude any transactions, it only requires explanations. While almost everyone who is knowledgeable on the subject of re-development understands that the nature of redevelopment projects create situations requiring land write-downs, we believe that both the Community Redevelopment Agency and the legislative body should know how much the write-downs amount to. This information is presently not available.

This Committee understands that the cost of acquiring and preparing a site is unrelated to establishing the "fair value" for a specific property. However, while these costs do not play a part in determining such fair value selling price, they do play a major part in the legislative body's decision as to whether or not the use assigned to the property, resulting in the fair value as determined, doesn't result in excess cost to the taxpayers. As an example, assume the agency proposes the sale of a parcel of land for use in construction of a garden type office building and based on this specific use, the fair value is \$5.00 per square foot. If the legislative body knows that the cost of the property totals \$35.00 per square foot, they may question whether or not a higher use might be found for the property, thereby resulting in a greater fair value and a lesser cost to the taxpayer. On the other hand, they may well conclude that the reduced usage is environmentally best for the community and that the write down is justified by the benefits to be derived. Without the information required by this Section, neither the Agency nor the legislative body can truly evaluate the reasonableness of any sale or lease.

The Committee believes that any additional accounting cost to be incurred as a result of this requirement is insignificant when compared to the overall benefits to be derived from the availability of this information. Every successful private enterprise maintains detailed cost records so they can determine their cost per unit. Private enterprise does it to determine profitability, while the Redevelopment Agency must do it to determine the cost effectiveness of their actions and to justify those actions to the public.

Committee Vote:

First Reading

Second Reading

Ayes - 12
Noes - Springfield*
Abstention - Munson
Absent - Hicks
 Kanner
 Samaniego
 Topping
 Ward

Ayes - 13
Noes - 0
Abstention - Springfield
 Brown
 Munson
 Ward
Absent - Hicks, Topping

*Mr. Springfield voted "no" because he felt the issue was beyond the scope of the Committee's charge.

7. RESTRICTION ON USE
OF TAX INCREMENT FUNDS

The Committee recommends that the Plan be amended to stipulate that no tax increment dollars shall be spent within Map Book 5151 for public improvements, for (net) "write-downs", or for any other purpose, until all other project priorities have been fully undertaken and completed.

Committee Vote:

First Reading

Ayes - 7
Noes - Blake
Dreyfuss
Kilgore
Munson
Springfield
Wood
Abstention - Katz
Absent - Hicks
Kanner
Samaniego
Topping
Ward

Second Reading

Ayes - 15
Noes - Springfield, Ward
Abstention - Blake
Absent - Hicks

ADDITIONAL COMMITTEE
POSITIONS AND RECOMMENDATIONS

Priority Recommendations

The Committee recommends that overall priorities for the CBD Redevelopment Plan be established by the City Council as follows:

1. The highest priority shall be a comprehensive solution to the skidrow problem, as described in the following priority recommendations regarding skidrow;

2. Of equal importance is a carefully timed residential construction and rehabilitation program, in conjunction with private industry, and the development of industrial and other jobs within the CBD as described in the following priority recommendations regarding housing and jobs;

3. Other priorities include the revitalization of the Spring Street area and the development of the produce and flower markets. These priorities should be determined by the City Council in consultation with the CRA during the course of the Council's determination of the maximum dollar limitation appropriate for the CBD Redevelopment Plan

Committee Vote:

First Reading

Ayes - 10
Noes - Dreyfuss
Karp
Springfield
Wood
Abstentions - 0
Absent - Hicks
Kanner
Samaniego
Topping
Ward

Second Reading

Ayes - 15
Noes - Karp, Springfield*
Abstentions - Bernson
Absent - Hicks

*Mr. Springfield voted "no" because he felt the issue was beyond the scope of the Committee's charge.

One single fact stands out about the Central City. A viable consumer base is essential for both small and large retail outlets to survive. The outward migration from the Central City area creates a vacuum resulting in a depressed job market and an expanding skidrow. In our opinion it is imperative that we in Los Angeles support the concept of a downtown residential community and that the development of this community along with the encouragement of such commercial enterprises as the downtown produce and flower marts would serve in great part to reverse the deterioration of the Los Angeles Central Core.

The plan as proposed sets a target of 20,000 residential units partially financed through tax increment funds, with additional help sought from all available sources -- HUD, State and even General Treasury Funds. These residential units should range from low and moderate to high income units, and should be designed in such a fashion as to accommodate families as well as senior citizens. The goal should be to create a 24-hour total community representing all facets of normal life.

It has been unfortunate that redevelopment of the Central City has been characterized as high-rise office buildings of the Arco Towers variety or, on the other hand, luxury apartments of the Bunker Hill type. If properly implemented, the Central Business District Plan can serve as the catalyst for the rebirth of downtown by creating an integrated economic structure which combines the two important elements of a viable commercial center with a revitalized central consumer population.

The Plan's concern for low and moderate income housing is commendable, but even more emphasis should be placed on the creation of market rate housing.

It is essential to note that it is only through the integration of all income levels that opportunities open up for the unskilled and disadvantaged. Consumers from moderate and upper income brackets use the kind of services which generate jobs for the unskilled and untrained workers thus creating the first step in the stairway out of the cycle of poverty and disillusionment.

Let's deal for a minute with what it would mean to have 20,000 new residential units in the downtown area. First, there would be the jobs, skilled and unskilled, created by the building and furnishing of these units. These jobs are sorely needed by Los Angeles' depressed construction industry. New construction -- especially commercial -- i.e., banks, department stores, hotels, restaurants, means that new jobs will open up to operate and service these facilities. It is clear that commercial enterprise must have employees ranging from the highly paid corporate managers to the lower paid, though just as necessary, janitors -- in other words, increased opportunities for everyone.

But it's not just jobs in the construction industry we are talking about. Every job generated by new construction results in many more new jobs in the supply and service sector. The opening up of 20,000 new residential units would allow the people who work downtown to find reasonably-priced, attractive and secure housing close to work, therefore serving to reduce Los Angeles' energy consumption as well as helping to relieve the congestion created by traffic on working days. As time went on these units would provide an incentive for businesses to locate in the downtown area to provide all of the necessary services that people anywhere need. For example, laundry and dry cleaning, supermarkets, drug stores, department stores and countless other services required by any community. Since we can estimate that more than 20,000 individuals will ultimately occupy this new downtown community the impact on the retail outlets would be to require increased employment to handle these new consumers, thus these new consumers would create new jobs as well as expanding current employment.

Some have argued that a residential downtown would merely shift other populations from other locations to downtown, thus depriving some sections of our city from those very advantages that we envision for the downtown area. However, as suburban development slows down because of lack of available open land there will be a need for new residential units and it makes sense to plan now for a future that surely will have less energy and less land.

There are other advantages to a residential community in the downtown area. The availability of adequate housing will encourage companies outside Los Angeles to consider locating in the downtown area because of an available trained work force and the opportunity to locate in a viable financial center which does not have the problems of other urban centers -- blight and deterioration. Eight major businesses have left the downtown area in the last ten years. The departure of these businesses adversely affected the employment picture for the CBD area. A commitment on the part of Los Angeles to provide for a healthy community would encourage private development in the entire downtown area which would be a signal that all of Los Angeles is willing to share in the responsibility of preserving our central city.

The Committee recommends that the City Council immediately direct the appropriate departments to actively seek alternative sources of funding for projects within the Downtown Area that will result in jobs; that will increase the prospects of long-term economically viable business and commerce; and that will begin the social rehabilitation of Skid Row.

The City's Economic Development Specialist is already working to obtain Title Nine funds from the federal government's Economic Development Administration, the purpose of which is to obtain economic development funds in expectation of generating employment in the Produce and Flower Marts. We recommend that the City Council support this effort and direct that further efforts be made to determine whether additional Title Nine funds can be used to review job potential in the Skid Row program that has been recommended as an urgent priority.

In the housing field, the Committee urges that the City continue to seek Section 8 HUD funds. These federal funds are available to subsidize tenants in existing units, in rehabilitated units and in newly constructed units. In addition, a determination should be made as to how to attract financing through the state's Housing Finance Agency, and to obtain Sec. 202 money for senior citizen housing.

Committee Vote:

First Reading

Second Reading

Ayes - 12
Noes - Karp
Abstentions - Hall
Absent - Kilgore
 Samaniego
 Springfield
 Topping
 Ward

Ayes - 15
Noes - Karp, Springfield
Abstentions - Bernson
Absent - Hicks

PRIORITY RECOMMENDATIONS - SKID ROW

The following summary and recommendations are the result of intensive review of a document entitled Skid Row: Recommendations to Citizens Advisory Committee on the Central Business District Plan for the City of Los Angeles (Exhibit 17); in addition to an on-site visit and extensive tour of the Skid Row area by a sub-committee.

Introduction

It is important to note that there is no direct or easy solution to solving "the Skid Row problem". Skid Row is a life style rather than a designated area, although stereotypically, skid row areas are near the central business district and are inhabited by impoverished, homeless people living in slum housing. They usually contain cheap hotels, gospel missions, blood banks, pawn shops, casual labor employment offices, cheap restaurants and cheap bars. Many of the problems inherent in the skid row life style will not disappear for most of the inhabitants. Rehabilitation can be a start in the process of moving away from this life style for those who can, in addition to providing a method of preventing its expansion. It is essential to recognize that small pockets of skid row-like people apparently live in Long Beach, Venice, San Pedro and other areas of metropolitan Los Angeles.

Skid Row will not just disappear, even if its present boundaries are physically destroyed. It is an accumulation of physical, social, and psychological diseases. It is therefore mandatory that the City implement a comprehensive program for dealing with all of the ills of Skid Row. There must be firm commitments on the part of the City, County and Redevelopment Agency. Cooperation

is essential among the police, welfare agencies and private social service agencies. It will cost millions of dollars and years of effort but it is necessary for skid row people if we are to consider human value; it is necessary for the good of Los Angeles and its Central Business District. The mere existence of Skid Row is deleterious to the entire community from a moral, physical and financial viewpoint. What is proposed in the long run can save tax dollars, although the initial output will be costly.

No additional studies are needed. Enough has been spent on research and surveys. We have arrived at a point where immediate action is the key. Most of the studies reflecting comparative studies around the nation by experts contain statistics on successful projects and many success stories of inhabitants where sound planning was implemented.

RECOMMENDATION

Department of Public Social Services Policy

One significant change in County policy would result in a rapid decrease in the number of residents on Skid-Row. Skid-Row has existed downtown for some time, although its continued growth is recently the result of a questionable policy of the Los Angeles County Department of Public Social Services (DPSS). It has only one facility for single men seeking general relief. That office is located downtown. When a single man with alcoholic or psychological problems applies for general relief at the DPSS office in Pomona, Burbank, San Pedro, or Pasadena, he is referred downtown where DPSS arranges

lodging and welfare benefits. It is no surprise that Skid-Row continues to grow, because the County DPSS relocates Skid-Row type people to the CBD area. The City Council should go on record immediately as opposing this policy and should take whatever steps are necessary to compel DPSS to diversify its services. In the long run, the cost of welfare services is substantially less when they are administered on a diversified basis. Skid-Row men, when left in their original communities, are more likely to remain employed and self sufficient and are less likely to be dragged down by the oppressive conditions of a large and brutal Skid-Row. If the DPSS referral policy is stopped, the Skid-Row downtown will rapidly decrease in numbers. Interim services can be provided while the population decreases in size.

Housing

The human dimension in the redevelopment of skid row strongly suggest that the first step should be that of providing decent housing. The design for housing should be of such as to deliberately control the housing stock. There are several valuable structures within the skid-row area that could be reconstructed for decent, safe and sanitary housing.

Domiciliary Housing for the Mentally and Physically Handicapped

This type of housing would offer a structured environment that could help aimless roamers to better function in society. Such a facility should be as homelike as possible, providing rooms and meals and in

close proximity to recreation and health care areas.

Supervised Boarding Houses

For dependent persons capable of caring for themselves but not quite able to manage their own affairs.

Rooming Houses

Many residents of skid-row avoid a structured environment. But decent and safe and sanitary housing should be provided for them.

Transit Housing

The seasonal rise and fall of the skid-row population strongly suggests transit housing as an alternative to flop houses and sleeping out of doors.

Housing for the Elderly

Since over 30% of the persons living in skid-row are elderly and few of them have the problems commonly associated with a skid-row life style it is recommended that housing for the elderly be built on the border of skid-row, interfacing the business district.

Simultaneously, while the refurbishing and rebuilding of decent housing is being undertaken, execution of specific plans to provide an infrastructure of amenities and services should be initiated. The proposed strategy for Los Angeles contains specific recommendations on containment of essential social services under one roof. If such comprehensive services are exercised, it is essential to provide satellite centers of the same comprehensiveness in areas such as Venice and Westlake, on a smaller scale. This strategy involves providing maintenance facilities and services in the existing Skid Row area to the East of the Central Business District, while developing a program which will "dry up" the flow of new residents into the skid row areas of Los Angeles.

Public Inebriate Program

The Public Inebriate Program should be implemented. That plan calls for a 24-hour triage unit adjacent to a modified social model detoxification center near L.A. County U.S.C. Medical Center. It projects a need for 60 detoxification beds, 50 residential beds, and 220 continuing care beds within the Central City area. It calls for civilian pick-up units to transport intoxicants to detoxification beds in anticipation of the decriminalization of public intoxication as a result of current litigation. Finally, it calls for a continuum of services for both men and women, including health care, counselling, recreation activities, and food within the Central City area.

Comprehensive Service Center

The Comprehensive Service Center within Downtown Skid Row is in line with the multi-center concepts for provision of government services that have proven themselves in other areas of the city. The range of services provided could include everything from a job center to a recreation center, from provision of information on availability of government aid to provision of alternate banking services, from a kitchen to a medical clinic.

Amenities

It is also strongly suggested that the City make immediate efforts to provide for some amenities to make life in Skid Row a little more bearable. While these represent an integral part of the entire program, there is no reason why the City could not do something now to meet these needs. Among them are benches, some areas with grass and trees, and public toilets. Not only would provision of these

simple amenities make the area more attractive, but the provision of restrooms, benches and pleasant open space would encourage Skid Row residents to stay within the immediate area and so confine the influence of Skid Row on Downtown.

Grants Responsibility

Just as the Committee has explored alternative financing for the Central Business District, it is essential that the City's Board of Grants Administration assume some responsibility for obtaining special grants for social services for the Skid Row rehabilitation effort. This may be through alcoholic abuse funding, nutrition programs under the Older Americans Act and mental health funds from the Department of Health, Education and Welfare. Such outside funding can assist in minimizing the exhaustive cost that must be borne in an effort to phase out the problem over a long-range period of time.

Evaluation

An important conclusion of the Committee is that implementation of the recommendations contained herein must provide a strong evaluation component. This evaluation mechanism must be exercised early enough in the stages of implementation to flag discrepancies which will afford the opportunity for corrective action where elements of the comprehensive social service strategy require change. This mechanism can assist the success rate of the program, rather than an after-the-fact evaluation. This approach is of particular significance in light of external factors i.e., change in downtown planning, unforeseen population change, changes in housing patterns, or industrial and commercial growth that could exceed planned expectations.

Conclusion

The most significant finding that this Committee wishes to make in regard to Skid Row is that the City make its commitment now and begin an implementation program to deal with the problems of Skid Row. Both the Public Inebriate Program and the Design Center have been working in the area long enough to have the necessary plans and programs defined and described. All they need is a signal to act. We believe that signal should be given.

In order for this program to succeed, it will require the combined efforts of the City, County, the two agencies mentioned above and the business community in the Central Business District.

Committee Vote:

First Reading

Second Reading

Ayes - 14
Noes - Springfield
Abstentions - 0
Absent - Hicks
Karp
Samaniego
Topping

Ayes - 15
Noes - Karp, Springfield
Abstentions - Bernson
Absent - Hicks

The Committee recommends that the City make greater use of its police powers and enforce existing building and safety codes in connection with the redevelopment of the Central Business District area.

The Plan proposes substantial rehabilitation of existing structures. In a great many instances, this is simply not possible. In its report to the City Council, the CRA indicated that a substantial number of buildings could not be rehabilitated. The obvious solution to this problem is to commence code enforcement, and, where the buildings are not capable of rehabilitation, order their demolition.

While this may result in economic losses to private owners downtown, the primary focus of the Redevelopment Plan should be to save public investment in the CBD area, not private investment.

The citizens of Los Angeles have a substantial investment in streets, utilities, sewers, and other facilities downtown. This investment should be a higher priority than the holdings of the private sector.

The Committee believes that Community Development Block grant funds may be available for use in code enforcement.

In addition, the Committee wishes to propose a new funding concept, best described as "disaster prevention" loans.

Many buildings in the CBD do not presently comply with the most recently enacted seismic code requirements. The cost of meeting such code requirements is quite substantial and is beyond the financial resources of a vast majority of the building owners.

This Committee recommends that City officials meet with California's Congressional Representatives and work toward the development of a new program to obtain Federal Government long-term, low interest loans to permit building owners to make repairs necessary to meet present seismic code requirements.

Such pre-disaster loans would be similar in concept to the appropriation of funds for the construction of a dam to prevent future floods.

Committee Vote:

First Reading

Second Reading

Ayes - 10

Noes - 0

Abstain - Blake, Springfield

Absent - Dreyfuss, Hicks,
Kanner, Samaniego, Topping,
Ward, Wood

Ayes - 17

Noes - 0

Abstain - 0

Absent - Hicks, Topping

"Value Capture Principle" Recommendation

The Committee recommends that the Council/CRA investigate the use of a "value capture principle" as part of the redevelopment project in order to permit the City to participate in the eventual success of the project above and beyond the appreciation in real property taxes.

Committee Vote:

First Reading

Ayes - 15
Noes - Springfield*
Abstentions - 0
Absent - Hicks
Samaniego
Topping

Second Reading

Ayes - 16
Noes - Springfield*
Abstentions - 0
Absent- Hicks, Topping

*Mr. Springfield voted "no" because he felt the issue was beyond the Committee's charge.

Recommendation Regarding Fire District Code Modification

One relatively simple change in the Building Code would facilitate both market rate and low and moderate housing development.

At present, all residential construction in the CBD is governed by the requirements of Fire District 1. This creates construction costs of \$50-\$65 per square foot.

Residential development limited to three stories, and governed by the same requirements as exist in Mid-Wilshire, Hollywood, and West L.A., could reduce these costs to \$30 per square foot. Representative of the LAFD indicate that these provisions may be acceptable.

Such development should be limited to areas which are removed from highrise development and should be planned to minimize conflict with other proposed development.

The Committee recommends that the City Council consider this building code modification.

Committee Vote:	<u>First Reading</u>	<u>Second Reading</u>
	Ayes - 12	Ayes - 15
	Noes - 0	Noes - 0
	Abstentions - 0	Abstentions-Springfield
	Absent - Dreyfuss	Absent-Hicks
	Hicks	Topping
	Kanner	Ward
	Samaniego	
	Topping	
	Ward	
	Wood	

Position on Referendum

The Committee has given the CBD Redevelopment Plan six months of consideration and has set forth its collective advice to the Council regarding the Plan in this report.

The Committee believes that the issue of whether the Council should also subsequently seek the advice of the voters through an advisory referendum is a decision that is properly one for the Council. Therefore, the Committee takes no official position regarding whether or not the Plan should be subject to advisory referendum.

Committee Vote:

First Reading*

Second Reading

Ayes - 6

Ayes - 14

Noes - Blake

Noes - Bernson

Brown

Blinderman

Kilgore

Dilkes

Munson

Karp

Springfield

Abstentions - 0

Abstention - Katz

Absent - Hicks

Absent - Dreyfuss

Hicks

Kanner

Samaniego

Topping

Ward

Wood

*The first reading was on the following statement:

The current plan, or any modified plan, should be put to the electorate in the form of an advisory referendum.

SUPPLEMENTAL MATERIAL AND RECOMMENDATIONS

NOT PASSED BY THE COMMITTEE

The following section contains various additional material and recommendations, submitted by one or more members of the Committee, which were not considered or approved by the Committee as a whole.

What follows is not to be considered as Committee recommendations.

Minority reports, or comments that specifically dissent from those comments and recommendations contained in the foregoing Committee report, follow as a separate section.

SUPPLEMENTAL RECOMMENDATIONS
AND COMMENTS
BY HAROLD L. KATZ, CHAIRMAN

Notwithstanding over 140 hours of deliberations, the Committee was unable to cover all subjects which various members wished to discuss. Therefore, it was deemed appropriate to include this special section of supplemental material and recommendations.

The following is a table of contents of my supplemental report:

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SUPPLEMENTAL COMMENTS TO THE COMMITTEE ANSWERS

COST OF THE PLAN TO THE AVERAGE TAXPAYER

As the only accountant on the Committee, I assumed the responsibility for drafting the answer to question #2, "What will be the cost to the average taxpayer?".

I wish to expand on the Committee's answer in two areas. First, and of greatest importance, based on the facts and assumptions contained in the official answer, I believe the cost to the average taxpayer will be closer to \$10 or less per year, as opposed to the Committee's consensus figure of \$20 per year.

In Professor Ellickson's calculations (page 11, paragraph #4) he increases the \$630 total cost per household to \$1,505. That in fact increases the \$750 million limitation to \$1,792,500,000 and this results in his \$43 per year figure. A \$750,000,000 limitation means just that; a total expenditure, including interest, of \$750,000,000. Accordingly, based on his calculations, the \$43 would become \$17.97 and the Committee's \$20 figure becomes \$8.36.

The County Tax Assessor has made several comments regarding the cost of this Plan. As Assessor, his comments carry a great deal of weight with the taxpayers. Therefore, I believe these comments must be put into their proper perspective.

The following are quotes from the transcripts of Mr. Watson's March 11, 1976 appearance before the Committee:

Question: We have had some speakers in the past who have quoted you with regard to various items here. I think that you must realize that one of the reasons why our Committee exists, has to do with statements that were made with regard to the impact of this redevelopment

plan upon the rest of the County and the homeowners. Now I have a couple of quotes I just like to have clarified. The first one is that the Los Angeles County Assessor has estimated that property owners in the remainder of the City will ultimately have their taxes increased by 10% to make up the loss. Los Angeles Unified School District taxes will go up 10% and the County tax rate for all County tax residences will go up by \$100 to \$200 and rent for a typical apartment unit will be up from \$5 to \$10 a month.

Answer: That's an accurate quote, and looking at Dr. Chapman's
(By Mr. Watson) report to this Committee, in extending it for 30 years I underestimated. It will be \$400 a year on a \$36,000 house.

Question: When you are quoted as saying that a property owner will pay \$200 more taxes per year, you are really not talking about next year or the year after, but you're using a spread across a certain number of years?

Answer: I'M TALKING WHEN THE PLAN IS COMPLETED AT THE END OF 30
(Mr. Watson) YEARS. (Emphasis added)

Question: I'd like to ask a second question. It is certainly been the hope of our Committee that we could end up getting away from playing the numbers game, except that I'm going to pursue it one more time here, because I really must come back to your \$384 figure (annual cost to owner of a \$36,000 house). I do not challenge it; I am a CPA, but I do not understand it and I think I do

not want to wait for a written report. I would really like one of your associates to explain, in general, how we get from \$1.24 (annual cost) on a \$36,000 house to a \$384 figure in 35 years.

Answer: The \$1.92 figure that Dr. Chapman used in his report
(Mr. Watson) was a one year figure.

Comment: On a \$52,000 house.
(Mr. Katz)

Comment: Is it \$52,000 or \$36,000?
(Mr. Watson)

Comment: \$1.92 on \$52,000, \$1.24 on \$36,000.
(Mr. Katz)

Comment: Let's get the figures correct. What we did...it's
(Mr. Watson) totally erroneous to try to draw a conclusion based on what would happen the first year and I think you agree with that. We took his \$1.92 figure and projected it out using the same inflationary factors he used, to 30 years and the cost in 30 years is the \$384 figure.

Comment: Using a 35 year period and a 6% compounded inflationary
(Mr. Katz) situation, you have a 769% increase over the first year. Lets use 800%. Eight times a \$1.24 is about \$11. I would like to be told how we got from \$11 to \$384.

Answer: It's 106 to the 29th power - compound interest.
(Mr. Watson)

I DID NOT UNDERSTAND THAT ANSWER THEN, AND I DO NOT UNDERSTAND IT NOW.

We received a written report from the County Tax Assessor's Office which again reflected a \$384 figure, but no explanation of how it was calculated or what 106 to the 29th power means. I understand that 100 is the base

year, 6 is the first year's inflationary increase and 29 equals the remaining years to year 30. After that I'm back at \$11.

I call your attention to the explanation of the answer to Questions 1 and 2, Approach #2, Example #2 on a \$36,000 house. In the 35th year the annual taxes are up \$84.82 per year which is 8.19% of 1,035.67, the 1975-76 tax, BUT ONLY 1.065% of the \$7,946.23 actual tax for the 35th year. Let us not forget that the \$36,000 house is now worth \$276,840 and the owner who is currently earning about \$12,000 per year will be earning \$92,280 per year.

As I said we must keep all estimates in PERSPECTIVE.

TRENDS IN ASSESSED VALUATIONS
IN THE CENTRAL BUSINESS DISTRICT

I wish to add some additional comments regarding trends in assessed valuation in the CBD.

In the Committee's answer to question #4, we concluded that "assessed valuation of the CBD has either increased or decreased, depending on how the reader wishes to interpret the facts", I agree with the conclusion; in fact I wrote it.

However, in my opinion the figures clearly indicate that most of the CBD's assessed valuations are deteriorating at a dangerous rate.

On March 11, 1976 Mr. Philip Watson appeared before our Committee. I wish to quote from the transcripts of the question and answer session:

Question: The other quote attributed to you was the fact that there is no decline in the CBD.

Answer: That is not an accurate quote. Every figure that I
(Mr. Watson) have used has not been based upon the artifical boundaries

drawn on by the Redevelopment Agency for the CBD. They have been based upon the boundaries of what we refer to as the economic area. And that economic area extends from the Hollywood Freeway to the north, to the Santa Monica Freeway on the south, from the Harbor Freeway on the west, a line roughly approximately Alameda Street, the easterly limits of the proposed CBD. And in the economic area, exists LITTLE TOKYO AND BUNKER HILL PROJECTS (emphasis added). You can't, I will argue it, I think its totally fallacious for anyone to try to present pictures, economic pictures, as to what's happening in downtown Los Angeles by excluding Little Tokyo and Bunker Hill. They are a vital part of the economic community and every figure I have ever used has been based on the economic area and not on the artifical boundaries that were established by the CBD.

Question: According to the tenor of your remarks, you state that you obviously are against redevelopment.

Answer: I HOPE I MADE IT CLEAR THAT I AM AGAINST REDEVELOPMENT
(Mr. Watson) AGENCIES, NOT ONLY THE CENTRAL BUSINESS DISTRICT, BUT ALL OTHERS (emphasis added).

I find these two quotes of great interest and importance. He clearly reiterates that he is opposed to redevelopment agencies while

also indicating that the downtown area assessed valuation is not declining, in part because of two redevelopment projects, which he says you can't eliminate when evaluating the economic condition of downtown Los Angeles.

I would like to stress that Little Tokyo, Bunker Hill and the Westside Financial Center (which might not have ever been developed if not for Bunker Hill) comprises a small portion of the land area of downtown (even though they represent a major portion of the CBD's assessed valuation). It is unfortunate that, when one mentions downtown, most people think only of the highrise office buildings and civic center, forgetting that those areas comprise such a small portion of the land area of the real downtown.

I would suggest that the figures clearly indicate a consistent decline in the assessed value of the remaining portion of the Central Business District. That decline is measured by comparing the small increase in assessed values in most parts of the CBD with the larger rate of growth in the County and the City.

I call your attention to Exhibit 15 upon which my following comments are based.

The average increase in local secured assessed valuations over the 10 year period ending 1975-76 was as follows:

County	5.7%
City	4.9%
CBD	5.5%

HOWEVER, NOTHING IS AS IT FIRST APPEARS TO BE.

At the time the Central Business District Plan was first adopted, the CRA suggested an amendment to delete from the tax increment capture, six buildings as follows:

Arco Towers
Wells Fargo
Broadway Plaza

Linder Plaza
Security Pacific Bank Plaza
United California Bank Building

The City Council rejected this proposal.

It behooves us to review the impact of these six buildings on the Central Business District:

1. The assessed valuation (after exemptions) of the CBD for the base year 1974-75 was \$443,847,888. The assessed value of the six buildings (I believe this figure is before exemptions) was \$92,937,766 or 20.9%. For the year 1975-76 the figures are \$440,457,176 and \$96,397,078 or 21.9%. I was quite surprised to find that six buildings could represent 1/5 of the total economic value of the Central Business District.
2. During the years 1971-72 through 1973-74 the CBD showed a very high rate of growth. Eliminating the six buildings (see footnote #5, Exhibit 15) we find a totally new picture:

<u>Year</u>	<u>% Increase As Reflected</u>	<u>% Increase After Eliminating the Six Buildings</u>
1971-72	9.6%	0.9%
1972-73	9.3%	2.3%
1973-74	8.7%	0.4%

3. I do not have the necessary facts to determine the effect of the six buildings on the 5.5%, 10 year annual average increase in assessed valuation in the Central Business District. I think it is safe to assume that there would be a material effect.
4. I also want to highlight the fact that the County and City

average increases of 5.7% and 4.9% (covering the ten year period ending 1975-76) were artificially and materially distorted downward by the effect of the introduction of the \$750 homeowners exemption in the year 1969-70, and its increase to \$1,750 in 1973-74.

This exemption had almost no effect on the CBD assessed valuations, therefore, the comparisons are further distorted.

5. If there is any further question as to the trends in assessed values in the Central Business District, I suggest a bus tour similar to the tour taken by the Committee.

SUGGESTED ADDITIONAL AMENDMENTS TO THE PLAN

TIME LIMITATION

I would urge that the Plan be amended to place a 15 year limit, commencing with the date of amendment of the plan, on the commencement of construction activities or the making of financial commitments. With the adoption of such a provision, the public would know that after 15 years no further indebtedness would be able to be incurred, other than those specific commitments which had been made and approved prior to the end of the 15 year limitation. Assuming that any indebtedness incurred in the 15th year will require at least ten to twenty years to retire, even with such a limitation, the Plan could exist for as long as 35 years.

The establishment of a 15 year limitation period does not preclude the plan being amended in order to extend it for another period; however, the amendment would then be subject to all existing city and state laws regarding amendments to redevelopment plans.

I am fully aware that it takes many years for a plan to be implemented, especially one of this size. However, one of the alleged benefits of redevelopment is that upon completion, the new increased tax base returns to the tax rolls. If projects are allowed to run 25 or 30 years to completion and then we need 15-25 years for the amortization of indebtedness, I fear that the tax base returned to the tax rolls could be right back to where it started from 40 to 50 years before.

Professional planners seem to fear a time limit; as a taxpayer, I do not share their fear, in fact, I fear the lack of a time limit. Some people have also voiced the concern that even placing a time limit in

the plan is not sufficient protection, because the Plan can be amended and the time limit extended. So long as the extension is subjected to all the provisions of existing and proposed state law dealing with amendments to redevelopment plans, we have to trust in the system.

Planners and agency people point to Bunker Hill as an example of why time limits cannot be placed on redevelopment projects. However, I don't know that it wouldn't have been in the best interest of Los Angeles to carefully review the past, present and future of this plan, to determine if it should continue for an extended period or terminate. A time limit would have forced just such a review.

I must also comment that Bunker Hill is probably the last project that will ever go through a total land clearance at commencement. It in no way resembles the CBD Plan.

One last thought on Bunker Hill; some of the people who appeared before us and some members of the Committee consider Bunker Hill a failure and they point to its still being only 50% complete. In 1965-66, the assessed value of land and improvements was \$1,117,480; for the year 1975-76 it was \$46,644,050. I only hope that all my personal investments suffer from the same economic failure rate.

CALLABILITY OF BONDS

I recommend that all bonds issued by the Community Redevelopment Agency in connection with this plan or any other plan, contain provisions which would make them redeemable within ten years. This does not mean that the bonds would be due in ten years, but rather that they would be callable by the Agency within ten years of issue. Some current agencies have bonds outstanding without such a provision and find themselves unable to extricate themselves from situations created by their predecessors.

COMPLIANCE AUDITS

I suggest that Section 1104 of the Central Business District Redevelopment Plan be amended so as to specifically require annual compliance audits in addition to financial audits.

GENERAL COMMENTS

DOWNTOWN PUBLIC LIBRARY SITE

The Committee spent several hours discussing the question of the proposed site for the downtown public library. We did not discuss nor study the question of whether or not there is a need for a main public library in downtown Los Angeles.

I believe that discussions regarding the location of a downtown library, if such a library is to be constructed, was within the scope of our deliberations. Accordingly, I concluded that the Bunker Hill site would be an undesirable site in that the expenditures of material sums of money in an already redeveloped area would not bring as many social benefits to the City as the placing of such a project in an area which now requires redevelopment.

The site East of Pershing Square is such a site, subject to one major qualification. Broadway, the eastern boundary of the proposed site, is a viable and important retail area for the Mexican-American Community. As a successful retail area, it is an important part of the Central Business District. The Committee believes that the business, now located in the area to be cleared, must be protected so that they can continue to function within the immediate area, without being subjected to material increases in their rent.

STATE LEGISLATION

As a result of my appointment to this Committee and the fund of knowledge I developed on the subject of redevelopment, I became involved with Assemblyman Montoya's proposed legislation, Assembly Bills 3672, 3673, 3674, and 3675.

I concluded that these bills were of great importance to all the people of California, but especially to the people of Los Angeles. The primary thrust of this legislation is to add provisions to the State Redevelopment Law, the addition of which will eliminate or reduce the chances for serious abuses in the future. I can assure you that such abuses have taken place and will continue to take place unless this legislation is passed and signed by the Governor.

One of the reasons this legislation is so important to the people of Los Angeles is the fact that the Los Angeles Community Redevelopment Agency has not abused the power granted it. However, the same statement cannot be made for all of the redevelopment agencies with which Los Angeles must compete.

The original proposed legislation, as is usually the case with corrective legislation, contained some elements which I considered onerous and a threat to the good uses to which redevelopment can be applied. That is when I became involved.

I found that Assemblyman Montoya and his staff were not only responsive to suggestions but eagerly sought comments from all interested persons.

On my trips to Sacramento I found as diverse a working team as could ever be assembled. Both proponents and opponents to redevelopment worked together to develop four excellent pieces of legislation. The extreme beliefs of each side were equally

matched and what came out were excellent compromises.

There was one group of participants who were conspicuously absent from these proceedings. Those participants were the representatives of the City of Los Angeles. While the City's representatives were present as observers, they were not active in assisting these bills along their difficult course through the Legislature. I am aware that the State, County and Federal Affairs Committee of the Los Angeles City Council is studying the legislation. My recommendation is that this committee expedite their study so the City can take a position and commence a positive policy of support for these bills as they go through the final steps to enactment, during the fall.

My greatest concern is that those who have the most to lose from the passage of these bills will succeed in removing "the teeth" from these bills. Los Angeles has the power to preclude this from happening, and it stands to reap major benefits from these bills.

One of the four bills has been trapped in committee while three have been passed out by the Assembly. In my opinion it is imperative that this fourth bill get passed out also.

I am as opposed as anyone to the additional layering of bureaucracy in government. However, Assembly Bill 3675 which gives the California Department of Housing and Community Development the responsibility and authority to monitor all redevelopment agencies is an important part of the total legislative package.

If a City Redevelopment Agency did not affect anyone other than the people in their city, I could see a reluctance to accept state monitoring. But the city agencies, including ours, affect the people of

entire Counties. Under those circumstances the State requires the power to monitor local activities. They are also authorized to act when there are apparent problems.

County Tax Assessor Phil Watson is a very vocal opponent to redevelopment programs. If I were a County Tax Assessor, I think I too would fear and therefore oppose redevelopment. Under existing law, every city in Los Angeles County, including our City, can vote themselves 100% into a redevelopment plan; in fact, some have. This is a real threat to the County, especially the way redevelopment agencies and projects are proliferating.

In my opinion, we urgently need a state law which would limit the percentage of assessed value that a city could place into redevelopment projects. Currently our City has 1.7% of its assessed value in redevelopment projects; however some cities are at the 15% mark and, as I said, at least one is 100%.

Opponents of such a limitation state that some cities are in fact close to 100% blighted and an artificial limitation such as 5% would work a hardship on them. They insist that a limitation is not required, that all that is needed is a better definition of blight. Unfortunately, attempts to tighten the definition of blight have not met with much success.

I believe that Los Angeles should take the lead in finding a solution to this rapidly developing problem.

As an aside, Los Angeles will, within a short time be faced with

the decision of just how much of its assessed valuation can be placed in tax increment programs. This decision will be required as more and more communities within the City begin to utilize the redevelopment laws.

I would urge that the Central Business District Redevelopment Plan be amended so that the Community Redevelopment Agency is instructed to take steps to voluntarily conform with all future changes in state legislation, where such actions would be feasible and would not adversely affect commitments already made.

SHOULD THE CITY COUNCIL BECOME
THE COMMUNITY REDEVELOPMENT AGENCY

The Los Angeles City Council is in the process of considering the question of becoming the Agency Board. The primary reason for taking the step is to obtain maximum control over the operations of the Agency.

Members of the Committee who support this proposed step give as their primary reason, ultimate accountability. It is said that currently the Agency can respond to a complaint by saying it's not our responsibility, it's the City Council's and conversely the City Council can say it's the Agency's responsibility. This is a very

effective argument and almost convinced me to support a Committee motion to support the change.

However, I feel that the City Council, if it adopts the various amendments we have suggested regarding accountability, will have total and complete control over the Agency. It already has a great deal of that control even without our proposals.

It is my opinion that the Members of the City Council already carry a substantial if not excessive workload. One of the dangers inherent in assuming excessive responsibilities is the ultimate result that due to a lack of time, decisions are reached without sufficient research. As a partner in a successful professional practice I know too well that there are only so many hours in a day, and one is limited in what responsibilities one can delegate to staff.

One of the often repeated complaints, is that a plan cannot be amended without the consent of the Agency Board. This is true. However, the Board, which is appointed by the Mayor, knows that the City Council can vote it out of existence if the members are not responsive to the will of the Council. Accordingly I believe that any agency board will respond to the Council's wishes.

Taking all factors into consideration, I believe that it is not in the best interest of the City or the Council, that the Council become the CRA.

SUPPLEMENTAL COMMENT

SUBMITTED BY

DOROTHY BLAKE

Testimony and materials submitted to the Committee concerning the development of the Central City Community Plan and the companion Central Business District Redevelopment Plan lead me to the conclusion that the Los Angeles City Council responded to concerns raised by citizens about abuses in other community redevelopment agency projects and about the social needs to be considered.

I recommend we commend the City Council for its leadership in responding to the will of the people, and with coming up with a unique document designed to prevent abuses and to meet social needs. Sections 1000 and 1100 particularly are unique to this plan and will probably be incorporated into other plans because proposals in Sacramento for changes in state law governing redevelopment will require them.

I feel the Committee should applaud the leadership shown when the City Council adopted a plan which will become a model for others to follow.

MINORITY REPORTS

Comments specifically dissenting from the Committee report.

(The Committee members were given the option of having their minority reports included herein or issued separately. Some members chose to issue their report under separate cover.)

MINORITY REPORT

BY

HAROLD L. KATZ, CHAIRMAN

I - COMBINING THE BUNKER HILL AND CBD REDEVELOPMENT PROJECTS:

The following motion was proposed to the Committee:

This Committee makes the following recommendations regarding the boundaries of the Central Business District Redevelopment Plan:

That the City Council investigate the feasibility of combining the Bunker Hill and Central Business District Projects. It appears to this Committee that the two projects are so interrelated that logic dictates their being combined.

It must first be determined if the combination is legally permissible. Next is the question of it being financially feasible as such a combination will require the elimination of the existing federal funding on the Bunker Hill project. Finally, the benefits must be weighed against the political ramifications of such a combination.

THIS MOTION WAS OVERWHELMINGLY DEFEATED 2 AYES, 10 NOES, 2 ABSTAINED.

The idea was originally proposed at the June 24 meeting and the Committee members were requested to discuss the proposal with associates and the Councilpersons who had appointed them. Meanwhile I discussed the idea with several civic leaders.

It was concluded that while the idea offered many practical solutions to many of the problems faced by both projects, for political reasons, the combination of the two projects would be

impossible to implement.

While I am the first to acknowledge the importance of political considerations, my business instincts preclude me from allowing those political considerations to obfuscate what appears to be a potentially realistic and practical solution to many problems. Accordingly I have included this motion in my minority report.

II - ELIMINATION OF SIX BUILDINGS FROM THE CBD PLAN:

The following motion was proposed to the Committee as a substitute for a previously approved draft motion whereby the tax increment from the six buildings would have been retained for a 10 year period and, thereafter, the tax increment on the six buildings would have been returned to the regular taxing agencies:

That the Arco Towers, Wells Fargo, Broadway Plaza, Linder Plaza, Security Pacific Park Plaza and United California Bank Buildings be removed from the Central Business District Redevelopment Plan. Such removal can be either a total removal from the boundaries or simply their removal from the tax increment calculations so that all taxes from these buildings shall flow to the taxing agencies and no portion to the Community Redevelopment Agency.

The Committee believes that with the adoption of a maximum limitation on the expenditure of tax increment funds, there is no financial reason to eliminate these buildings. With such a limitation, the faster the project is completed, the faster the area will be returned to the tax rolls.

However, the Committee, having completed six months of intensive study of this very complex Plan, understands that our fellow tax-

payers would have difficulties understanding how the Arco Towers, et al, can be deemed "blighted". Accordingly, the Committee, in the interest of eliminating what has been a major stumbling block in the public's "fair" evaluation of this plan, recommends the elimination of these buildings.

THIS MOTION WAS TENTATIVELY APPROVED BY A VOTE OF 9 AYES, 5 NOES. HOWEVER, UPON ITS SECOND AND FINAL READING AND VOTE, IT WAS DEFEATED 7 AYES - 10 NOES.

Prior to the final vote on the motion a question was raised regarding the legality of removing the assessed valuations of the six buildings from the base years (1974-75) calculation of the CBD's assessed valuation of \$443,847,888. The City Attorney did not have time to respond; accordingly the author of the motion accepted an amendment whereby this recommendation was contingent on the base figure for the project of \$443,847,888 being reduced by the assessed values of the six buildings as included therein.

The closeness of the three votes on this subject reflects a clear lack of consensus among the Committee members.

In Section No. I , I indicated my difficulties with the fact that political considerations could obfuscate a potentially realistic and practical solution to a problem. In this case, while I acknowledge that I consider the elimination of the six buildings an indefensible action from a practical point of view, I believe that political considerations require just such an act (assuming the base assessed value of the project is reduced simultaneously).

III - REFERENDUM PROCEDURES:

The word "referendum" has become the most politicized word in Los Angeles. One is almost overcome by a feeling of paranoia when one considers discussing the subject. With absolute assurance that this portion of my minority report will be misquoted, misunderstood and misused, I shall proceed to say what must be said.

There is a material difference between supporting the concept of the citizens' right to referendum and specifically recommending an advisory referendum. Therefore, I have no difficulty with the Committee's position, which I endorse, that we make no recommendation regarding the question of the City Council implementing an "advisory referendum", while at the same time I support the citizens' right to a referendum on the adoption of or amendment of any redevelopment plan.

Under one procedure, 10 members of the City Council can place the referendum on the ballot; under the other procedure tens of thousands of voters must sign a petition requesting the right to vote on an issue.

Assemblyman Montoya's proposed legislation contains a provision establishing the citizens' right to referendum on the adoption or amendment of a plan. I support this provision.

While in Sacramento recently, a group of citizens voiced the complaint that while state law establishes the requirement that the petitioners obtain signatures equal to 5% of the voters in the last election, said signatures to be gathered within a 90

day period, this provision does not apply to charter cities such as Los Angeles. Los Angeles' City Charter requires 10% be gathered in 30 days. I have been unable to determine if their claim that 10% in 30 days makes it practically impossible for residents of Los Angeles to implement their rights of referendum.

We must remember that the right of referendum is a two edged sword; make the provisions too easy and chaos can result. Even the most staunch supporters of referendum acknowledge the potential problems that can develop if requirements are made too easy.

Unable to determine what is and is not fair and equitable, I have suggested to Mayor Bradley that he discuss with Councilman Yaroslavsky, the idea of having the City Charter Committee, which the Councilman chairs, investigate the fairness of the existing Charter provision on referendum. This investigation should include the holding of public hearings. The committee can then endorse the existing provision or recommend an amendment to the City Charter.

IV - CLOSING COMMENT:

While it may seem somewhat unusual for the Chairman of a Committee, who supports each and every part of the majority report, to issue a minority report, it must be remembered that the contents of this minority report deal only with subjects that the Committee chose not to include in their majority report.

CITIZENS ADVISORY COMMITTEE

CENTRAL BUSINESS DISTRICT REDEVELOPMENT PLAN

MINORITY REPORT

by Hal Bernson

CITIZENS ADVISORY COMMITTEE

ON DOWNTOWN REDEVELOPMENT

MINORITY REPORT

By Hal Bernson

RIGHT TO VOTE

The undersigned members of the Citizens Advisory Committee on Downtown Redevelopment feel the Majority Report is deficient as the most important point was omitted on the final day of deliberation. To wit: Right of the people to vote on a plan that will cost the taxpayers hundreds of millions of dollars, and uses taxpayer money to enhance the value of some of the most valuable property in the City of Los Angeles without consent of the people.

Inasmuch as it is virtually the only government action that is not referendable prior to any action by the City Council, an advisory vote should be provided.

The City Council should use its influence to see that the state laws are amended to provide the right of referendum for all future redevelopment plans.

The need for the right of the people to vote on this issue is particularly important in Los Angeles where the CRA is an appointed Board, which does not have to face the voters.

The proponents of this plan are not willing to put it to a vote of the people. Not, they say, because they question its validity, but because it is too complicated for the voters to understand. This we cannot accept. An analysis of the propositions on the ballot of our most recent election showed once again that the vote of the electorate is an informed vote. We would suggest that if the proponents of Downtown

Redevelopment can't explain its benefits, then they have no right to ask for taxpayers' money to carry out their plans.

COST TO TAXPAYERS

This use of public money without consent, will probably cost the taxpayer approximately \$100.00 per average household per year, for the next 35 years.

This figure could be much higher if the present inflationary spiral continues.

There is nothing in existing law which limits the amount of money which can be spent and we do not believe there is any way to guarantee that the proposed \$750 million ceiling will be adhered to once the \$750 million is spent.

A compelling argument will be, "We can't stop now".

WINDFALL PROFITS

The plan is designed to create tremendous windfall profits for a few highrise property owners within the Central Business District.

There is no provision for any return of increased valuation due to the redevelopment at taxpayers' cost.

There is no provision made for financial participation for the owners of such "blighted" buildings or Arco Towers, the Hilton Hotel, the Broadway Plaza and the Crocker Bank Building.

The boundaries have been deliberately distorted to include the largest and most expensive highrise buildings in Los Angeles, owned by some of the wealthiest corporations in the State.

This move to capture the increment money and divert it from the general fund and taxing agencies is just as immoral as a city declaring its entire boundaries to be a redevelopment project, or

the condemning of a golf course "as blighted" to build a shopping center under the guise of redevelopment.

ENFORCEMENT OF THE LAW

On site inspections reveal that the eastern portion of the Central Business District is replete with buildings that fail to meet existing building and earthquake regulations; many of these buildings would not survive the next major earthquake in Los Angeles.

Enforcements of the law in this area of Los Angeles comparable to enforcement in other sections of the City would accomplish much of the objectives of redevelopment, at no cost to the taxpayers, while simultaneously, avoiding many potential deaths from fire and building collapse.

The wealthy owners of those slum buildings should be equally accountable under the law, as is the homeowner in San Pedro who is forced to correct code deficiencies in his two bedroom stucco home.

SUMMARY:

The existing plan was formulated without the consent of the electorate, and no provision has been made for voter approval.

The cost is immense, the wealthiest property owners in Los Angeles would receive "windfall profits", at the expense of the taxpaying public, and the need for re-development is questionable.

For these reasons, the undersigned do recommend that the Plan be abandoned.

RESPECTFULLY SUBMITTED,

HAL BERNSON
BOB KARP

REPORT TO COUNCIL ON REFERENDUM
By Dorothy Blake

Recognizing the fact that the City Council will undoubtedly be confronted with the issue of referendum, just as the Committee was, the Committee feels it has an obligation to offer to the Council the benefits of any information and advice we received so as to assist the Council in its responsibility.

In a report to the Charter and Administrative Code Committee on 12-15-75 the City Attorney advised that under state law, ordinances approving redevelopment plans are not subject to referendum. The City Attorney indicated that state law is clear in placing the responsibility for approval of such plans with the legislative body....It is further stated in that report that "while redevelopment plan ordinances themselves are not subject to referendum, the Council could provide the voters with an avenue for input to the decision making process through the election process. This could be done by placing on the ballot a question which would allow the voters to merely indicate their opinion on what action they would like the Council to take on this matter".

The City Attorney in a report to the Planning Committee on 12-16-75 stated "it does not appear that under existing state laws that the submission of the plan for referendum is possible. The Council could seek approval of a measure through the election process, but it would be a matter of Council policy as to what it would place before the voters. However, in being specific in making such a proposal to the voters, it would not be assured that voters would approve or not approve of some modification of what was being proposed." The report further stated that it would be somewhat difficult to determine what should be submitted to the voters. Would the referendum merely seek the approval of Council going ahead with a redevelopment plan for the area?

This in effect would be asking the voters to approve the Council doing something that the Council can already do...as was the case with the Water Fluoridation issue. Or the referendum might attempt to spell out boundary and tax increment limits or a proposed project, and ask the voters if they would agree with that kind of a project...In such an instance a voter would be placed in the position of accepting or rejecting the specifics of a project when they might wish to approve a project of different geographic or financing configurations".

On 1-29-76 Sally Disco of the City Attorney's Office advised the Committee on the availability of referendum. She said the Council can submit an advisory referendum question. The question on the ballot could ask the voter "should the Council adopt an ordinance or resolution requesting the CRA to initiate proceedings to amend the plan...." The effect of such a measure, if passed, would bind the Council to the extent that the Council would have to request CRA to initiate proceedings but it would have no further legal effect because the CRA would not be legally bound. The Committee concluded that the only option available to the Council would be an advisory referendum. However after considering costs and the implications of the timing of a referendum we concluded that it would not provide sufficient benefits to make it a worthwhile effort.

COSTS

If consolidated with the November general election, and if no other City item is on the ballot, it could cost \$150,000. Prop 'C' on the June primary ballot cost the City taxpayers \$156,000. If the referendum were to be called special it could cost more.

TIME

To consolidate, the decision would need to be made by the end of

July or the first week in August, otherwise it would have to be called special, or, wait until the Municipal Primary in April. If the moratorium was to be continued until then it would create many problems for the people in the area by being placed in limbo for such an extended period of time.

It is an awesome responsibility by elected officials when referring matters to the voter. The voter does not always have a matured judgment as to the best method of dealing with a given problem: The voter simply says "YES" or "NO" or nothing to specific proposals originated, framed for them by someone else. If a referendum is used to test popular sentiment then the question asked is very important - it is doubtful as to whether it would be a meaningful test. It is also doubtful as to whether it would be necessary to ask the voter whether the Council should adopt an ordinance or resolution requesting the CRA to initiate proceedings to amend the plan when the City Council can already do that without asking for approval.

Finally, some have said that a redevelopment project is virtually the only government action that is not referendable. However, there are certain acts in both the State Constitution and the City Charter. E.G., those containing urgency sections, those calling special elections or those providing tax levies or appropriations for the usual and current expenses of government that are not subject to the power of referendum. There have been an increasing number of urgency clauses being placed into bills, making many more items not subject to referendum including some of the current bills to make redevelopment subject to referendum. By being declared "URGENCY" the bills themselves are not subject to referendum.

CONCLUSIONS ON ISSUES CONCERNING THE CENTRAL BUSINESS DISTRICT

REDEVELOPMENT PLAN

Submitted by:

BARBARA BLINDERMAN

I agree that Downtown needs revitalization and that the City should make a commitment to its central core. I do not, however, believe that the Redevelopment Plan which we have been charged with reviewing should be implemented at this time. The plan gives extraordinary powers to an independent branch of government. The implications of the Plan are too great and the potential for abuse too apparent to warrant unconditional acceptance of the Plan without further consideration of what we expect redevelopment to do.

At the heart of the redevelopment process are four powers that distinguish the agency from other agencies of government.

The first is the power to take property from one private owner in eminent domain and to give it to another private developer. This power, created by the redevelopment laws, has been upheld by the U.S. Supreme Court.

The second is the power to parcelize --- to assemble small parcels in order to form a package for a larger project.

The third is the power of site preparation. The public treasury, under this power- absorbs the cost of preparing the area for the new project --- a significant cost of development.

The fourth is the power of the write-down. Land is bought from one owner at fair market value and sold at fair value, which is defined as the value of the land in relation to its new use. The fair value figure can be significantly below the fair market value.

The Downtown Plan is no different than other redevelopment projects in its ability to use these powers. But it is much larger than any other project ever undertaken in Los Angeles. Because of this, I believe that the Plan should be postponed until we are more certain that what we think we are approving has any relationship to what will result.

Let me state some areas of concern and some suggestions:

1. ROLE OF THE ELECTORATE.

The proponents of this plan are not willing to put it to a vote of the people. Not, they say, because they question its validity, but because it is too complicated for the voters to understand.

This I cannot accept. An analysis of the propositions on the ballot of our most recent election showed once again that the vote of the electorate is an informed vote. I would suggest that if the proponents of Downtown Redevelopment can't explain its benefits, then they have no right to ask for taxpayer's money to carry out their plans.

2. EFFECT OF THE REDEVELOPMENT PROCESS ON VIABLE COMMUNITIES THROUGHOUT LOS ANGELES

The Committee has concluded that its charge does not include consideration of the effects of the redevelopment process on the rest of the city. Yet it is the cumulative effects of many redevelopment projects that give rise to the questions that have been raised concerning Downtown Redevelopment. I believe that fears are justified in two separate areas.

The first concerns the erosion of the tax base. The City can afford to redevelop Downtown. But it cannot afford a multiplicity of projects throughout Los Angeles City and County without serious effects on the general tax base. Until a mechanism for limiting the number and extent of redevelopment projects is put into law and effected, redevelopment will remain a dangerous tool of bureaucratic power.

The second area of concern involves the threat to viable communities. The planners in the city's Planning Department and Redevelopment Agency are a highly professional group of people who have created a plan that could have many beneficial results. Unfortunately, the history of planning and development in this City indicates that they do not exist in the rarified atmosphere of technological rationality. The problems of land use cannot be discussed without recognizing that political pressures will always exist to use land more intensively.

These pressures are in conflict with the overwhelming preference of the population, as indicated in any study ever undertaken, for single family homes and viable neighborhoods. Yet what is sought is best summed up in the words of the Silver Book (p.35). "The dominant regional preference for single family houses and low rise apartment accommodations can be transformed only slowly into effective demand for high density living in a densely developed urban node".

I believe that the City has an obligation to insure that this transformation will not take place. Such insurance must come before redevelopment on the scale proposed is undertaken. It can do this by passing legislation that will curtail conversion of land uses in residential areas to more intense use, at least outside project boundaries.

Besides the fear of increased taxes, there is no greater fear that residents have, all over this city, than that redevelopment endangers communities. It is a real fear. It can be alleviated if City officials wish to do so.

3. TAX INCREMENT

Tax increment is a financial tool that diverts public money that would otherwise go to the public treasury to the redevelopment of a particular area. Advocates of its use believe that it is a wise investment that could return far more over the life of the redevelopment project than it will initially take out. Based on projects we have reviewed, however, it only works where seed money can be obtained either by capturing the increment in areas that are rising in value because of market demands, because of changes to more intense land use, or because some other source of funds is available, such as those provided by revenue-sharing.

By defining a particular geographic area as the basis for determining the increment, pressures to divert the increment to particular communities is bound to be felt increasingly throughout the City. This is already happening. And just as the original thrust of redevelopment as a social tool to rehabilitate communities has been supplanted by redevelopment for commercial purposes, so the project areas are bound to be drawn more and more around communities where an increment exists and away from the areas that need it most. Politically, what is feasible is what will occur.

If we are to accept tax increment as a valid re-investment tool, one way to put the competition for increment back into the politically accountable arena would be to designate an increment from the entire city's valuation increases rather than from a specific area. This would give the legislative body the ability to determine which areas have priority in the redevelopment process. It would avoid the dissension that arises from the need to call Arco Towers blighted. And it would allow open public discussion to assess the needs of the entire city, rather than setting one part of the City against the other in the bureaucratic halls of the Redevelopment Agency.

4. PROJECT BOUNDARIES

These are two decision-making processes which have led to the designation of current project boundaries. One is Planning, which led to the Central City Community Plan, as one of the city's 35 such plans. The other is redevelopment, which essentially overlaid the redevelopment process on the existing community plan.

There is no essential unity to the project as defined, but this is not of particular concern to me. The project boundaries are artificial and if we are to accept the validity of redevelopment, there is no real reason why they must be restricted. In fact, the larger the boundaries, the more power the Agency has to negotiate with potential developers, to employ the power of eminent domain, to issue bonds, to relocate displaced persons and businesses and to accomplish all of its purposes.

This is another justification for allocating tax increment on a City-wide basis. It would avoid the creation of artificial boundary lines in order to capture increment for one part of the City at the expense of another.

In sum, if we are to accept the concept of re-investment in the City as a legitimate object of City action, I have no qualms about giving the Agency the power to do the job.

5. HOUSING

The Central City Community Plan, which is the plan upon which the Downtown Redevelopment Ordinance is imposed, gives the CRA unprecedented power to create the mixed-use, mixed-income community that the Committee has indicated ought to be the primary objective of the Redevelopment Plan. I am convinced that the planners who have worked on the Downtown Plan were looking to the exciting possibilities of the new-town-in-town concept that has been presented to the Committee in such an articulate manner by Dean Perloff.

The Dean, however, in his discussions before the Committee, presented detailed survey information indicating that he found not a single redevelopment official who believed that housing is a valid justification for redevelopment.

If there is housing, it must be a by-product. The Downtown Redevelopment Ordinance goes farther than any other we have reviewed in providing allocations from tax increment money for low and moderate income housing. It does not include specific proposals for market rate housing.

There is a strong market for multi-unit and apartment housing in the downtown area. I would recommend that provisions for this housing be made a part of the Plan in a much stronger manner than the "Alternate Use" designation upon which housing in the Downtown area must now rely. If we are to have a balanced community downtown, it should be built into both the Community Plan and the Redevelopment Ordinance.

6. DOWNTOWN TRANSPORTATION

There is an inherent contradiction between the public efforts to promote mass transit as an alternative to the automobile and the demands imposed on builders to provide for automobile parking. There is probably no greater deterrent to private building in the downtown area than the code requirements for parking. Yet if it is to be the policy of the City to discourage the automobile in the downtown area, it does not make sense to discourage private development by imposing on it the burden of providing for automobiles that hopefully won't be there.

Transportation is a public matter. Transportation policies should be implemented by public means. Private developers with the initiative and drive to undertake projects in the Downtown Area should not be burdened with costly code requirements.

I would recommend giving consideration to removing this burden from the private sector by prohibiting all private parking in the downtown area. Then overlay a parking facilities plan on the existing Central City Community Plan. These garages can be built underground, leaving the surface areas for shopping malls and parks.

Furthermore, if the facilities are run by the City, or if the City requires part of the revenue derived from the, these funds could be used to pay the costs of building the parking facilities and then to support an extensive mass transit service downtown. The savings from street maintenance costs now required to keep the downtown area properly paved because of the existing heavy automobile use could be significant in helping to pay for City-owned facilities.

7. LACK OF PRIORITIES

We have been asked to approve a process of redevelopment on a large area of land without being provided with any information on how the Agency intends to use its power. We have requested a set of priorities and have not been given them. When we ask how much it will cost, we are told that that figure is not available because cost depends on the priorities.

I cannot indicate approval of a plan without knowing what will be built and how much it will cost. This Committee has suggested priorities. I would urge that they be included as part of the redevelopment plan before the City Council gives its final approval for action.

8. THE MONITORING FUNCTION

I am somewhat concerned about the sparsity of the record so far established by the Redevelopment Agency. The Downtown Project is by far the largest redevelopment project yet undertaken in this city. Had the Agency presented a list of accomplishments in the projects for which it already has responsibility---housing built, businesses established, taxes generated, services provided --- it would be easier to consider another larger undertaking.

We have been given only projections. We have been told that the redevelopment field has not been in existence long enough to warrant accurate appraisal. This is not good enough.

Were the project smaller, were its goals more succinctly defined, were the record one of previous successes, were the bounds of power more limited, it would be easier to accept the Downtown Project.

Before proceeding with the Downtown project, I would recommend a complete public accounting of existing projects to determine where the money has been spent, what has been accomplished, and how the Agency has learned from its past mistakes. We have been told by CRA representatives that Downtown redevelopment will not proceed immediately because tax increment funds will not be available this year. What better time for a general accounting than now?

After the project is approved, I would recommend an independent performance monitoring unit to provide continuous information on Agency activities. This unit could be structured on the pattern of the monitoring unit for federal grants. A monitoring unit in addition to the annual independent outside audit that is part of the existing ordinance for the project would go far to insure that the Agency is accountable for its actions.

9. PARKS AND OPEN SPACE

Because the pressure for greater return through intensification of land use is inherent in the redevelopment system as it now exists, the creation of parks is even more difficult within the project than it historically has been throughout the City. Present park space throughout the project area is five acres. No more is guaranteed, despite the best efforts of the Agency.

The Plan's definition of open space includes street widenings, rooftops, and pedways, making extensive use of space above the ground level. While the addition of greenery to the concrete areas of new buildings represents an innovative and beneficial advance in the design of new buildings, it is not recreational park space.

We have not given any consideration to environmental factors in our deliberations. Yet I believe that it is not new building in itself that is environmentally detrimental, but the pressures to maximize the use of land on which new building is done, without leaving any room for grass and trees and open green areas. I fear that if mechanisms for providing recreational open space are not built into the Plan, there will be no more than what presently exists, except for the street widenings, rooftops, and other concrete areas that bureaucratic planners cling to so lovingly as their euphemistic substitutes for parks.

Much has been said of the profits that will accrue to the landowners in downtown through increase in property values because of redevelopment. These potential beneficiaries include banks, insurance companies, and major publishing firms.

Much has also been said of the need for commitment to the concept of a viable Downtown Core. In order to establish that commitment, and to capture for the public good some of the private benefits that will accrue, the landowners who will benefit from the public investment in the area can be asked to pledge a percentage of their increased land values to a fund to be used for the purchase of a major park in Downtown Los Angeles.

The Silver Book depicts a lake-in-a-park as the focus of downtown's new balanced community. Let the private and public sectors start working now, with appropriate provisions built into the project ordinance, to insure its creation.

10. BONDING AND PUBLIC USES

The redevelopment process gives great leeway through the Agency to issue bonds to provide the funds required for its capital improvements. The success of these issues are dependent on the willingness of the bond market to accept them.

We have seen, however, among the examples of the misuse of redevelopment, the designation of project areas for the primary purpose of building public buildings. By capturing the surrounding increment, the basis is provided for the issuance of bonds that could otherwise be issued only after a public vote.

Bond propositions for capital improvements have been turned down by voters continuously in the past decade. As a result, governmental entities have sought other ways to fund projects. The use of joint-powers agreements is one mechanism. Redevelopment is another.

The building of public buildings, however, runs contrary to the rationale of redevelopment. Redevelopment is justified as a means of increasing the property tax base. Public buildings are not taxed. Redevelopment is justified as a means of bolstering the economy and thereby providing more tax revenue. Public employment represents a tax drain. In addition, Mr. Frederick A. Schnell, in discussions with the City Planning Commission on April 8, 1976, recommended a complete inventory of all government owned land in the City to determine which of the properties can be made available to private business and put back on the tax rolls. To contemplate removal of land from the tax base within Redevelopment Areas while the Mayor's Economic Development Council is urging an opposite course is contradictory.

Public buildings, however, may be a valid use of land within a given Redevelopment Project, such as Downtown. In order to increase public acceptance of the downtown project, it is recommended that a vote on the use of redevelopment funds for public buildings should be required whenever such a vote would otherwise be required by law.

CONCLUSION

It is very possible to look at each of these suggestions and say that it sounds fine, but it is not politically feasible. My answer is, then it's about time to figure out, if any has merit, how to make it politically feasible.

We have had too many examples of urban development that is "politically feasible" to accept feasibility as the proper standard on which to base our actions. We have had too many of our citizens turn away from involvement in the political system because they could not accept "political feasibility" as their proper framework. We have had too many plans that didn't turn out the way we were told they would, because they were redirected to make them "politically feasible".

It is not too much to ask that the agencies responsible for the Plan be accountable for their actions, that the citizenry be informed accurately of its progress, and that perceived needs be built into the Plan and not dependent for their satisfaction on the mere promises, no matter how sincerely meant, of its planners.

The question is not whether this Plan for Downtown is good. I think it could be. The question is how can we make sure that we get where we want to go. It is with that objective in mind that these recommendations are submitted. I hope they will be given some attention.

MINORITY REPORT

OF

C. EDWARD DILKES

AND

MARY AIDLIN

INTRODUCTION

Although we agree in large part with the majority report, we feel it fails to address itself to some of the most important issues surrounding the Redevelopment Plan.

The proposed CBD Redevelopment Plan may be noble in purpose, but it is deficient in terms of feasibility. While it is clear that redevelopment has a legitimate role to play in the improvement of the CBD area, it is substantially more limited than the grandiose role envisioned in the present plan. If the present Redevelopment Plan is implemented without the changes suggested below, it will actively impede the revitalization of downtown.

I. THE BOUNDARIES ARE IRRATIONAL

The Plan is simply too large. It should not contain the New "Gold Coast" Financial District. This area is not blighted, and its tax revenues should not be diverted to the CRA.

The Civic Center area, north of First Street, should also be removed because most of this land is either vacant (on the east) or fully developed. The CRA admits neither area is essential to the success of the Plan.

The Council should delete both areas because no one has been able to demonstrate a reason for their inclusion.

II. REFERENDUM

The most unfortunate decision of this committee was to ignore the issue of referendum.

Instead of quibbling over legal technicalities or ignoring the issue altogether, the City has a simple, legal, and ethically mandated alternative: Advisory referendum.

It is simply inexcusable that this alternative was never endorsed.

There are only two arguments which are advanced against the advisory referendum. Neither makes sense.

First, it is opposed because "the people are too easily manipulated by inflammatory statements." The short answer to this argument is that untrue statements can always be undone by simply telling the truth.

The problem with the present plan is that no one seems to know what the truth is. After six months of study, this committee, through no fault of its own, cannot report (1) the cost of the Plan (without assuming a limitation), (2) in what order the CRA would list its priorities, or (3) what alternatives exist without the Plan.

Given this lack of credible information, it is hard to contend that the public was "manipulated." The voters heard responsible people asking simple questions, and they heard no answers at all.

A rationally conceived redevelopment plan, backed by solid information, would not have encountered this trouble.

The second ground of opposition focuses on the divisiveness which referendum engenders in the community and the cost of an election. The cost is insignificant when weighed against the Plan, so this issue is a "straw man."

The divisiveness, however, is real, but an election would end the conflict.

Our community is still divided over the CBD Plan, and the division will continue until it is put to a vote.

An advisory referendum is compelled by the intensity of this division, and there is no earthly reason for opposing it.

III. THE CRA HAS NO VISIBLE PRIORITIES

After six months, the Committee cannot get the CRA to list, in rank order, its priorities for redeveloping downtown. This makes it impossible to propose a rational limitation on the CRA's use of tax increment funds or to evaluate the purposes of the Plan.

The CRA argues that the plan is really a "process" and therefore incapable of being itemized.

This is rubbish.

It might be excusable for the Agency to have no clear idea of its plans for the 35th year of the Plan, but to have little concept of the specific projects or costs for the first two years is inexcusable.

Before any money is spent on the CBD project, the CRA should be required to itemize its plans for the next 5 years and estimate the costs. This process should be repeated annually.

IV. THE PLAN IS NOT FINANCIALLY FEASIBLE

In later years, this plan may generate colossal sums of tax increment money, but for the short term, it is clear it will not. Even a major new development will generate very little increment because the gain induced will be more than offset by declines in the rest of the project.

The competition among various interests within the project area will fraction the CRA's resources into a myriad of small projects, none of which will produce an increment. This will further dilute the effect of the plan.

This situation is roughly analogous to a few drops of water having a significant effect on the Pacific Ocean.

In light of the fact that the plan is not really necessary to implement most of the desired goals, the Plan has the potential for actively impeding the improvement of downtown.

V. THE CITY CAN IMPLEMENT MANY GOALS OF THE
REDEVELOPMENT PLAN WITHOUT USING THE
REDEVELOPMENT PROCESS

Several specific goals of the Plan can be accomplished without redevelopment. Forcing these improvements through the Redevelopment Plan is unnecessary and unduly expensive. The Plan would interpose the CRA as another layer of bureaucracy in land use decisions and social service functions. This will further slow the process of improvement. Since most of these objectives can be accomplished without the Redevelopment Plan, awaiting the assistance of a shaky plan is totally unwise.

The specific areas of activity are:

1. Zoning and Planning

The plan proposes to reduce the floor area ratio from 13/1 to 6½/1. This commendable goal can be implemented through a simple zoning amendment. In fact, the State Planning Law (Govt. Code Section 65100 et seq.) requires such density changes to be accomplished through the Zoning Ordinance.

Moreover, there is probably a significant amount of industrial development which would result by amending the Community Plan to remove the commercial uses from the eastern and southern portions of the project. The Planning Department indicates a demand for industrial space. If the market for commercial development has not materialized, we need only change the Community Plan.

2. Skid-Row

The City Council should study the possibility of utilizing federal money for Skid-Row, so that the Agency's role would be unnecessary.

Additionally, forcing the County to discontinue its policy of referring all single men to the CBD for welfare and lodging would reduce Skid-Row's size.

Finally, some form of improvement district should be available to finance the clean-up of Skid-Row. The most substantial benefit would accrue to the owners of property and business in the CBD area, and they should pay for the improvements.

The CRA is simply unnecessary for this process, and waiting for it to act will be catastrophic.

3. Building Code Enforcement

There is simply no excuse for having unsafe buildings downtown. As the Committee noted, the goal of protecting public safety and public investment may simply require demolition of unsafe structures.

4. Housing Development

Market rate housing can be built in isolated areas of the CBD if such development can be removed from the expense of Fire District One requirements. The Committee recommended this.

Subsidized housing can be created by conversion of existing buildings. A proposal is currently before the State Housing Finance Agency to finance the conversion of the Pacific Telephone Building on Olive Street. The Community Design Center has proposed plans for the conversion of other structures.

The Redevelopment Plan is simply unnecessary for this process.

5. More Creative Government Decision Making

When a significant public structure is to be located in the CBD area, careful consideration should be given to the "ripple effect" which the structure will have on the area as a whole. A building located in the new, fully developed western portion of the CBD will not produce this effect. If, however, located in an area of existing decline, it may provide a complete turnaround for several blocks in every direction. Plans for new government facilities, such as the County Engineering Building or the Library, should be carefully located so as to provide the maximum benefit to downtown.

6. Public Improvements

One of the major abuses of redevelopment is the use of tax increment financing to provide offsite improvements for developers. In the Bunker Hill Project, the provision of pedways and low cost parking facilities

constitutes the largest abuse of this power in Los Angeles. To the greatest extent possible, these improvements should be financed by the owners and users who benefit from them. Assessment districts, special taxing districts, and a variety of improvement districts exist to finance these developments, and failure to use them is simply unjustified.

7. Preservation of Existing Retail Businesses

The downtown area has two substantial retail areas. Seventh Street provides the retail facilities for the Business District, and Broadway provides them for the residential community to the east of the CBD. Both these areas are important to the continued vitality of downtown and should be protected in every way possible. The City Council should study a pedestrian mall (1960 Pedestrian Mall Act) and should also consider the use of a sales tax sinking fund to finance other improvements in this area.

VI. STATE LAW REFORM

The Committee voted to avoid any position on reform of the State Redevelopment Laws. This was a serious mistake.

The redevelopment laws were created to deal with inner city blight. They are now being seriously abused by outlying communities which do not have the problems which we have in Los Angeles.

Unfortunately, we must compete in this sea of abuse, and until the Redevelopment Law is reformed, we will compete at a substantial disadvantage with vacant land projects in neighboring cities. The scenario is not pleasant.

The City of Industry saps our industrial base, while Culver City and Glendale attack the viability of our retail businesses.

This condition cannot exist indefinitely without Los Angeles being totally denuded of its economic strength.

As Assemblyman Montoya's Reform Package struggled through the Assembly, the City sat on its hands and did nothing, despite the fact that it has a paramount interest in protecting itself from this continued attack on its well-being.

This lack of leadership is deplorable. Until the Redevelopment Acts are amended to limit their operation to inner city problems, the resources of this City will be endlessly drained to other areas.

The economic well-being of Los Angeles demands that we aggressively pursue reform of the Redevelopment Laws to prevent their use as an intensification of the depletion of the inner city.

L. Edward Dilks
Mary Aidlin
Bob Karp

EXHIBITS

CITIZENS ADVISORY COMMITTEE
CENTRAL BUSINESS DISTRICT PLAN

Mayor's Appointments:

Harold L. Katz, Chairman
CPA - Silverman, Katz, Fram & Co.

Jim Wood, Assoc. Dir. of COPE *
L. A. Co. Federation of Labor

Mary Munson
Public Relations Director
Pacoima Memorial Lutheran Hospital

Eduardo J. Samaniego
Architect

Council Appointments:

Nowell: Ruth E. Brown
Retired School Teacher

Wachs: Barbara Blinderman

Lorenzen: Bob Karp
San Fernando Newspaper Columnist
Elected Officer - Musicians Union

Ferraro: Dr. Norman Topping
Chancellor, USC

Yaroslavsky: Carlyle W. Hall, Jr.
Lawyer, Center for Law in the Public Interest

Russell: Dorothy Blake
Local Government Consultant, Member Bd. of Directors
League of Women Voters

Bernardi: C. Edward Dilkes
Attorney

Farrell: Pastor Thomas Kilgore, Jr.
Office of Special Community Affairs, USC Religious Center

Lindsay: Norman Dreyfuss
Attorney

Cunningham: Martha Brown Hicks
Director, Grants & Community Service
City of Santa Monica

Braude: Charles G. Kanner
Architect

Wilkinson: Hal Bernson
San Fernando Valley Businessman

Stevenson: Mary Aidlin
Women For

Snyder: Bishop John J. Ward
Auxiliary Bishop of Los Angeles

Gibson: Ted C. Springfield
Retired Insurance Agency Executive

*Replaced Kathleen Nolan, who served on the Committee from
January 19, 1976 to March 4, 1976.

Presentations Before the Committee

Calvin S. Hamilton, Los Angeles City Director of Planning

Councilwoman Pat Russell, previous Chairperson of City Council's Planning Committee

Councilman Arthur K. Snyder, present Chairperson of City Council's Planning Committee

Sally Disco, Los Angeles City Deputy Attorney

Edward M. Davis, Chief of Police

Kenneth R. Long, Chief Engineer and General Manager, Los Angeles City Fire Department

Mr. S. S. Taylor, City Traffic Engineer

Mr. Donald C. Tillman, City Engineer

Mr. L. C. Jones, Director, Bureau of Street Maintenance

Mr. Alfred Roberts, Manager, Power Services Division, Department of Water and Power

Hal H. Holker, Executive Director, Central City Development Corporation

Senator Alan Robbins, California State Legislature

Peter Wallin, Attorney

Jeff Chapman, Assistant Professor, USC School of Public Administration

Howard A. Finn, Sunland Businessman

Philip E. Watson, Tax Assessor, County of Los Angeles

Mark H. Bloodgood, Auditor-Controller, County of Los Angeles

Dick Mount, Executive Director, Association of Produce Brokers and Dealers of Los Angeles

Larry Skaff, Southern Pacific Railroad

Mr. Rudy Jones, Past Chairman, Los Angeles City Citizens Development Advisory Board

Councilman Ernani Bernardi

C. Erwin Piper, City Administrative Officer

Dean Harvey Perloff, UCLA School of Architecture and Urban Planning

Richard M. Carman, President, Better Government Association of California

Robert C. Ellickson, University of Southern California - Law Center

David Mendelsohn, Assistant Director, Public Inebriate Program

Charles Luckman, Charles Luckman Associates

Assemblyman Art Torres, California State Legislature

Thomas McGowan, private citizen

Assemblyman Joseph B. Montoya, California State Legislature

Lewis Blumberg, Economic and Financial Consultant

Ms. Coleen Zales, Administrative Aide for Assemblyman Robert C. Cline

Sherry Passmore, City-wide Coalition Against Redevelopment Abuse

William Norris, Tuttle and Taylor

Dorothy Blake, Committee member and member of League of Women Voters

Kurt W. Meyer, President, Community Redevelopment Agency Board

Albert Martin, President, Los Angeles Chamber of Commerce

Ralph Andersen, Author, "Redevelopment and Tax Increment Financing"

CITIZENS ADVISORY COMMITTEE
CENTRAL BUSINESS DISTRICT PLAN

STATEMENT OF ECONOMIC INTEREST

1. Please list any real property, other than your personal residence, owned by you, or your immediate family, within the City or County of Los Angeles.

2. Please list all sources of income in 1975 of \$1,000. or more. (Do not list actual amounts. List sources only.)

3. If you are engaged in a professional practice, do you represent any clients who own property or conduct business in the Downtown Redevelopment Area. If "yes", do you feel you can fairly and honestly evaluate the project in question with the interests of the public as your only concern.

COMMENTS: _____

4. Do you to the best of your knowledge, or your immediate family, own \$5,000 worth of common stock in any corporation or any substantial interest in any business enterprise which owns property within the re-development area. If yes, please give names of entities in which you have an interest.

5. Please list your membership and/or involvement in any organization which has taken any position regarding the redevelopment plan under review.

6. I do not believe that I have any interests that conflict with my obligation as a member of the Citizens Advisory Committee on the Central Business District Plan to render a fair and impartial analysis of the Downtown Redevelopment Project. ☐

TAX INCREMENT FINANCING
FOR
CENTRAL CITY MODERNIZATION

ROBERT FOUNTAIN
SCHOOL OF ARCHITECTURE AND URBAN PLANNING
UNIVERSITY OF CALIFORNIA, LOS ANGELES

Revised April 5, 1976

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TAX INCREMENT FINANCING
FOR
CENTRAL CITY MODERNIZATION

I. Theoretical Basis: An Investment Point of View.

Tax increment financing is based on the principle that a public developer, like a private developer, should be able to internalize part of the returns from the investment to repay the investment (the project development costs).

A private developer generates returns which accrue to a number of entities. The developer himself realizes returns from the sale, lease or rental of land and buildings, part of which he uses to repay the development costs. Other returns cannot be realized by the developer; these include increases in value of adjacent land owned by others, increases in property tax revenue to local government, increases in sales tax revenues, and others.

The public developer, before tax increment financing, had no way to recapture any of the benefits from redevelopment to offset costs. Redevelopment costs were usually borne by the federal government, through urban renewal or other programs of the Department of Housing and Urban Development (HUD). In some of those programs, especially in earlier years, local government was required to provide a "local share," presumably from general revenues. Those local share contributions were often in the form

of "in kind" services, services performed by local government departments and agencies. This made it difficult to assess the impact of redevelopment projects on local government costs and revenues.

(Federal support for redevelopment is now limited mainly to the Housing and Community Development Block Grant.)

Tax increment financing allows a public redevelopment entity (a local public agency, or LPA) to recover part of the increase in tax revenues, which is part of the return on investment, and use that return to repay investment costs. There is, therefore, no out of pocket cost to local government. The investment is repaid from the returns it generates, just as in the private sector.

It is also possible for an LPA to realize a profit on the resale of property acquired in the redevelopment process. This is not frequently encountered in public redevelopment projects, for two reasons.

First, there is a desire to minimize the amount of property acquired by the LPA; it is better to encourage the property owners to make the desired reinvestment themselves, without the LPA acquiring title to property. Since the LPA acquires as little property as possible, there is little opportunity for profits upon resale.

Second, the property which is acquired by the LPA is often designated for ultimate uses which are not the profit-maximizing use. LPA property may be used for parks or open space, for parking, or other uses which improve project viability but are not profit maximizing.

II. Mechanics of Tax Increment Financing

A. A Preferred Explanation of the Process

Tax increment financing is a mechanism by which property tax revenues generated within the development area are divided between the development entity (LPA) and the normal taxing entities (the city, county, school district, etc.).

The assessed value of property within the development area at the time the tax increment project is approved is used as the basis for dividing future tax revenues. The assessed value in the initial year is subtracted from the increased value in future years to obtain the increase in value, which is used as the numerator of a fraction. The denominator in the fraction is the assessed value in the future year. The fraction determines what part of the revenues from the property goes to the LPA. The rest, of course, goes to the usual taxing entities.

The amount of taxes collected is not affected by the tax increment mechanism; only the distribution of tax revenues is affected.

An example will illustrate the point. Suppose that the assessed value of a property in the project area prior to establishment of the tax increment district were \$ 5 million; this serves as the basis for figuring the numerator in the fraction described above.

Now suppose that in a future year the assessed value

of the property increases to \$ 5.2 million. The numerator of the fraction is (\$ 5.2 - 5.0) or \$ 0.2 million. The denominator is \$5.2 million.

Of all revenue from property taxes on this property, the LPA can receive the fraction $\frac{0.2}{5.2}$, or about four percent. The rest goes to the normal taxing entities.

The actual amount of property tax revenue is not affected by the tax increment mechanism. The amount collected is the total assessed value times the tax rate. The tax rate is determined by the normal taxing entities, and applies equally to all property, both inside and outside the project area. The tax rate may be changed by the normal taxing entities, and such a change will affect the total amount of tax revenues which are divided between the LPA and the normal taxing entities. (The fraction which determines how the tax revenues are distributed is not affected by changes in the tax rate.)

Note that the tax increment mechanism has no effect on the amount of taxes collected; each property owner in the project area pays the same amount of taxes as he would if his property were outside the project area.

This preferred description of the tax increment mechanism describes the process used by the tax assessor in dividing the tax revenues between the LPA and the normal taxing entities, and is less vulnerable to misinterpretation than an alternate description which

is widely used. In that description, the tax base in the development area is said to be "frozen" in the initial year, as far as the normal taxing entities are concerned; and all future increases in the tax base accrue to the redevelopment entity.

That interpretation is not technically incorrect, but is very vulnerable to misinterpretation. The "frozen tax base" is often misinterpreted to mean that property owners in the project area are immune from increases in tax assessments or increases in tax rates, neither of which is true.

Property tax revenues collected by normal taxing entities can decline under unfavorable conditions. If the value of a property in the project area declines below the base set in the initial year, all of the tax revenue will go to the normal taxing entities; but the reduced value of the property means that the normal taxing entities realize a decline in tax revenue.

Revenues to normal taxing entities can also decline due to the removal of property from the tax rolls. Property acquired by the LPA and used for public facilities, for example, would no longer be taxed.

At the end of the development project, after the tax increment bonds are repaid, the entire tax revenue reverts to the normal taxing entities.

C. Tax Increment Bonds.

The primary use of tax increment financing is for tax increment bonds. Substantial amounts of investment must be made by the LPA early in the project life, before comparable amounts of tax increments are generated. This is made possible by borrowing against future anticipated tax increment revenues, by issuing tax increment bonds.

These bonds are repaid by the future tax increments. There is no legal liability on other local government revenues. Issue of tax increment bonds by the LPA does not reflect directly on the general indebtedness of local government, so that borrowing capacity, debt ceilings, and the general credit rating of local government are not theoretically affected. (Some possible indirect effects are discussed in section IV.)

III. Legal Process

A. Designation of a Tax Increment Project

A tax increment redevelopment project is initiated by a city council, which sets the boundaries of the project and designates the LPA which will conduct the project. The city council also authorizes issuance of tax increment bonds.

The main legal requirement for designating a tax increment project is that the city council must find that the area is blighted or in need of redevelopment; this may include vacant or underutilized land, as well as slums, areas with deteriorated or substandard structures, and other redevelopment problems.

There is no requirement under California law for concurrence on the part of other taxing entities (the county, school board, etc.) when a tax increment project is approved. Likewise, no public referendum is required to authorize the LPA to incur bonded indebtedness.

B. Changes Under Consideration

A number of changes to the law have been widely discussed. These changes would considerably restrict the use of tax increment financing. Changes include:

(1) Prohibition of resale of land at less than fair market value. This would prevent LPA's from using tax increment funds to write down land prices, which is often done to attract development into a project area.

(2) Inflation recapture. This would increase the proportion of property tax revenues which accrue to the normal taxing entities by the inflation rate, removing from the LPA this "unearned" increment.

(3). Definition of blight: A clarification of the conditions which qualify a project area to receive tax increment funding has been proposed. This would eliminate the use of tax increment financing to develop vacant land or other projects where special improvement districts or other financing mechanisms could be used.

(4). Requirement that a public referendum be required in the process for designating a tax increment project area.

(5). Concurrence or approval requirement: This would require either that normal taxing entities (county, school board, etc.) concur with the city council in designating the tax increment area, or that the California Department of Housing and Community Development would have to approve the project.

(7) Housing requirement: This would require that a minimum percentage of project funds be spent producing low-income housing.

The motivation for some of these proposed changes stems from the redistributive aspects of tax increment financing, discussed in section VII.

(An elaboration of these and other possible modifications to the California law can be found in the Staff Report on Tax Increment Financing of Redevelopment, California Senate Local Government Committee, December, 1975.)

IV. Liabilities on General Revenues

A. Legal liability

One of the important attributes credited to tax increment bonds is the absence of a liability on general revenues of local government, or the fact that local government borrowing rates or credit ratings will not be affected. While it is true that no legal liability exists, in practice these attributes should be examined more closely.

B. Investor's View of Tax Increment Bonds

Investors are, of course, informed about the legal status of financial flows pledged to secure the tax increment bonds. The sophisticated investor, however, looks further at the sources of these funds and their reliability.

Some tax increment projects are well defined ones, for which detailed development plans exist at the time the bond issue is offered. In that case, the investor has access to considerable information about the development plan; his evaluation of the plan, and his confidence in the ability of the LPA to execute the plan, provide substantial basis for estimating the risk associated with the bond.

In other cases, little project planning is done before the bonds are issued. Lacking specific information on

the project, the investor's evaluation can only be made on the expectations in the economic future of the project area, confidence in the local government, etc. The general credit rating of local government is likely to be taken as one indication of the health of the local economy and financial stability of local government, and thus some indication of the riskiness of the tax increment project.

C. Indirect Effects on Local Government Credit

In this latter case, an association may be implied between general borrowing of local government and the tax increment bond. A failure of the tax increment bond might subsequently be associated with an unsound local economy, and may "rub off" on general borrowing rates. The New York financial crisis has illustrated the interdependence of credit conditions between levels of local government and other local agencies, even though there is no legal linkage or obligation.

D. Indirect Local Government Support

There are a number of ways local government can support a tax increment project. The direct way is by providing financial contributions, such as loans or grants, to the LPA. Indirect ways can be just as effective. This could include paying for new infrastructure in the project area from general revenues, providing increased services (police, fire, social services) in the project area, or allowing city employees on general payrolls to provide

assistance to the LPA. Any of these avenues could substantially enhance the tax increment project at the expense of general revenues.

In the event that a tax increment project encounters financial difficulties, the indirect effects on local government's credit rating could encourage the indirect support through one of these mechanisms.

V. Private Sector Investment Requirements

The private sector builds the new buildings, rehabilitates existing structures, provides the new jobs, and generally "redevelops" a redevelopment area. The amount of private investment is typically many times the public investment. It is the actions of the private sector -- not the LPA or local government -- which make a project successful.

It is sometimes surprising how discussions on redevelopment overemphasize the role of the public sector, when it is the willingness of the private sector to invest in the project which is the critical determinant of success.

The tax increment mechanism places the requirement for private investment in clear perspective. The increase in property value, from which tax increments will be derived, consist of addition of new structures, rehabilitation of existing structures, and increases in land values (due to increased demand for land).

The major portion of the increase in property value

is likely to be from new construction. In fact, the most visible evidence of successful redevelopment is usually the construction of new structures on vacant (or cleared) land. The second most visible evidence is the rehabilitation of existing structures.

Either case involves substantial private investment, and it is that private investment which generates the tax increment.

VI. Suitability of Tax Increment Financing for Central City Modernization

A nationwide survey made during the central city modernization study indicated that nearly all developing entities expected to use tax increment financing as part of the financing strategy; none, however, expected to use tax increment financing alone.

A. Imbalance of Revenues and Expenses in Early Years

Central city modernization is in some ways different from other projects usually conducted by local governments. In order to overcome the established image of the area as blighted or undesirable, a massive and highly visible investment in infrastructure is required very early in the project, long before private investment begins to yield revenues to offset the costs. Even after private investment begins, there may be a long period before the construction results in substantial tax increments. (Local governments already know, of course, that infrastructure in a high-density central city setting is

Very expensive.)

The use of long-term debt to financing this early expenditure imposes difficult cash-flow problems on the LPA. In the absence of any revenues during the early period of the project, the LPA is forced to pay the interest on its debt from increased borrowing. This "cash crunch" comes during the time when the greatest rate of investment (and hence the greatest rate of borrowing) occurs, creating an undesirable financial appearance for the project in the bond market.

In private development, equity capital is used for earliest project costs, especially project planning, land acquisition, and infrastructure. The use of equity eliminates the need for debt payments on the earliest phases of the project. A counterpart to equity is needed for public development projects; that is, non-interest-bearing loans or grants, which can be used for project costs during the early phases. Community development block grant funds, capital improvement funds, or other sources may be required for this purpose.

B. Ways to Generate Advance Revenues

It is possible to create advance tax increment revenues to provide the early financing. This is done by capturing an "unearned" tax increment. One such method is "beating the assessor," by setting up the tax increment project just prior to a scheduled reassessment of

the project area. The (presumably) increased assessments will then provide an instant tax increment which can provide the early funding.

Another method is to establish the project and wait a few years to capture an increment from normal growth and inflation. Setting project boundaries to capture increments from anticipated developments already pending is a similar device.

Each of these methods contain redistributive elements, which are discussed below.

VII. Redistributive Aspects of Tax Increment Financing

A. Three Types of Redistribution

The investment view of tax increment financing in section I is not the only way to view the process. It is possible to structure tax increment projects in such a way that the major effect is a redistribution of tax revenues or economic growth from away from other geographical areas of the region, with little or no net gain.

The capture of "unearned" increments by the LPA is a redistribution of tax revenues. For example, the unearned increment from normal growth and inflation would normally have accrued to normal taxing entities, which may have anticipated that revenue in their long-range financial plans. Loss of the normal growth increment

to the LPA would require the normal taxing entities to raise the tax rates to achieve previously anticipated levels of revenue. Since most of the property subject to the increased tax rate is outside the project area, the LPA's unearned increment is made up by tax revenues from outside the project area.

A second redistributive aspect is in the relocation of economic activities which would otherwise have located elsewhere in the region. For example, a land write-down in the project area may attract construction activity away from private developments elsewhere in the city.

Further, reduced rents which may result could attract tenants from other parts of the city. And businesses located in the subsidized structures may have lower operating costs, and take business away from similar firms elsewhere in the city. In each of these cases, the economic growth in the project area may be attracted from other parts of the city, so that there is no real net gain.

This redistribution may also be drawn from adjacent cities in the economic region, so that there is a "beggar thy neighbor" element in the process.

A third redistributive aspect occurs between levels of local government. Take the example where an unearned normal growth increment is captured by the LPA, at the expense of the normal taxing entities. A major portion

of this normal growth tax revenue would have gone to the county and school district, whose combined tax rates are typically higher than that of the city.

The types of services performed by these levels of local government vary; the usual categorization is that cities provide services to property, the county provides social and health services, and the school district provides education.

Capture of the normal growth increment by the LPA shifts tax revenues away from county and school district activities, into redevelopment. There is a redistribution between levels of local government, and a related redistribution between the types of services for which the tax revenue is spent.

Many of the points discussed earlier can be illustrated by two hypothetical tax increment projects, one of which results in a net gain to all entities concerned, and one which simply redistributes wealth geographically within the city.

A. A Hypothetical Case with No Redistribution.

As an example of a "net gain" project, consider a scenario of a tax increment project to redevelop an industrial/commercial project in a declining area of the city.

This area is a "blighted" one by any reasonable standards. Unemployment is very high; social costs (unemployment payments, welfare, police and fire protection) have increased sharply. Property owners, experiencing a declining demand for housing, have deferred maintenance so that the housing stock has depreciated rapidly. Property values, land as well as buildings, have been declining.

Within the project area proper, much of the land is vacant, due to earlier demolition. (Many of the original structures were low-density industrial buildings.) The remaining structures are largely vacant or underutilized, and a large proportion is substandard or unsound. There are few residents or businesses in the project area. There has been no new construction in the project area for many years.

It is clear that, in the absence of some coordinated development, the area will continue to experience blight and decline for a number of years.

The normal taxing entities have experienced a decline (or at least no increase) in tax revenues in recent years. Further, there is no reason to expect that there will be anything but a continued decline in tax revenues in the intermediate future.

Now suppose that a local redevelopment agency (LPA) decides to conduct a commercial/industrial development project. The area is designated as a tax increment project, and detailed development plans are drawn up. The plans describe a project which would generate a substantial amount of new construction and a large number of new jobs (for which nearby residents are qualified).

The normal taxing entities are enthusiastic in their support for the proposed project, since it represents a clear improvement over the existing decline in the area.

The tax increment bonds are easily marketed at a low discount. Investors can view the detailed development plan prepared by the LPA, and feel that the LPA has the expertise to bring the plan to reality. It is this confidence in the project, not any implied liability on general revenues of local government, which accounts for the investor confidence in the bond issue.

The LPA proceeds to acquire property, improve the infrastructure, assist property owners wishing to rehabilitate, and market the improved land. The companies which locate in the project generally come from outside the city, and produce products and services primarily for distribution outside the city, thus creating a multiplier effect on local incomes.

The tax increment is great enough to pay for all infrastructure costs: streets, utilities, special fire and police facilities, open space, etc. The LPA even makes a contribution to the school district to cover the costs of any expansion to serve population increases generated by the project.

During the development, the increased income and employment add to demand for housing and commercial services in the neighborhood adjacent to the project area. As a result, some new construction occurs and many older structures are improved. The property tax base outside the project area increases, so normal taxing entities realize increased revenues. Simultaneously, social service costs decline.

Meanwhile, revenues from state income taxes, gasoline taxes, gasoline taxes, alcohol and tobacco taxes, business license fees and permits, rapid transit district revenues, and other sources go up. Some of these revenues find their way back to the locality through local assistance programs of the state, county, etc.

At the end of the 25-year life of the project, the greatly-increased tax base reverts to the normal taxing entities, who experience a sharp rise in tax revenues.

This can be called a "net gain" case because nobody loses, even in the short run. All normal taxing entities were at least as well off during all years of the project as they would have been without the project. Since tenants in the project come from outside the city, there is no displacement of activities from private developments in the city. Since the products of the new businesses are for export, no "unfair competition" with competing local industries is created.

B. A Hypothetical Case with Redistribution

Now consider another hypothetical case. In this instance, the project area is much larger. Although some of the area is blighted or substandard, there is some net growth in property values, and some new construction. Even in the absence of any real growth, the effects of inflation on property values will create some tax increases.

This area is designated as a tax increment project, although no detailed redevelopment plan is prepared. Since investors who buy the tax increment bonds cannot know what to expect from the project itself, their confidence in the bonds is based on the view that the LPA is an arm of the city government, which has a very high municipal bond rating.

Normal taxing entities, who had previously anticipated an increase in revenues from the "normal growth" in the project area, have to increase their tax rates to recover the lost revenue via taxes on property outside the project area.

The normal growth in the project area creates an "unearned " revenue to the LPA, which does nothing to create that growth. Further, previously planned public investments in or near the project area, such

as transportation system improvements, construction of public facilities, etc) cause additional unearned increments.

The revenues are used primarily to attract a number of highly-visible new construction projects, using a combination of land write-downs, provision of special infrastructure items (parking structures, pedestrian overpasses, parks in commercial plazas, etc.). Many of these projects are attracted away from satellite communities in the suburbs.

In the absence of any planned improvements to the general infrastructure in the project area, residents and businesses make demands on city and county for additional services and improvements, especially for street improvements, traffic control, police and fire protection. The cost of this added service, paid for from general tax revenues, is met by increasing the tax rates throughout the city and county.

This case can be called redistributive in two senses. First, the cost of the project is repaid largely from revenues which would otherwise have accrued to normal taxing entities. They must, as a result, increase taxes generally to make up the loss. Property tax payers outside the project area bear most of the cost.

A second sense in which the project is redistributive is that many of the new activities which move into the project area would otherwise have located elsewhere in the city. In a sense, the LPA has used the tax increment funds to subsidize some construction in competition with private sector developments elsewhere in the city.

The businesses in the project area which benefit from the subsidies can, in turn, sell their products or services at a lower price than otherwise identical businesses elsewhere in the city. Thus an additional redistributive element is present.

Nothing is said here to imply that the redistributive case is not desirable. It is very possible that there is a social benefit from attracting some types of activities to the project area at the expense of other areas. It is also possible that the employment benefits to residents in the project area justify the increased taxes outside the project area. As long as the redistributive effects are clearly identified and are justified by the social benefits, tax increment financing for redistributive projects can be defended.

Unfortunately, most projects do not fit clearly into either of the two cases defined above. Most contain some "net gain" elements and some redistributive elements, making it difficult to assess the net impact.

VII. Summary

Tax increment financing is an important means for financing central city modernization. It can provide a major part of the investment capital without creating out-of-pocket expenses to local government.

The mechanism is simply a way to share increases in property tax revenues between the redevelopment entity and the usual local government taxing entities. Unfortunately, the way this is accomplished is widely misinterpreted.

Tax increment financing is an easy method for financing redevelopment, in that there is no referendum requirement. Further, there is no direct effect on other local government finance; indirect effects may exist, however.

Tax increment financing alone is not enough. Other (non-interest-bearing) sources of funds are needed for initial investment, because of the long time period between initial project costs and the generation of tax increments.

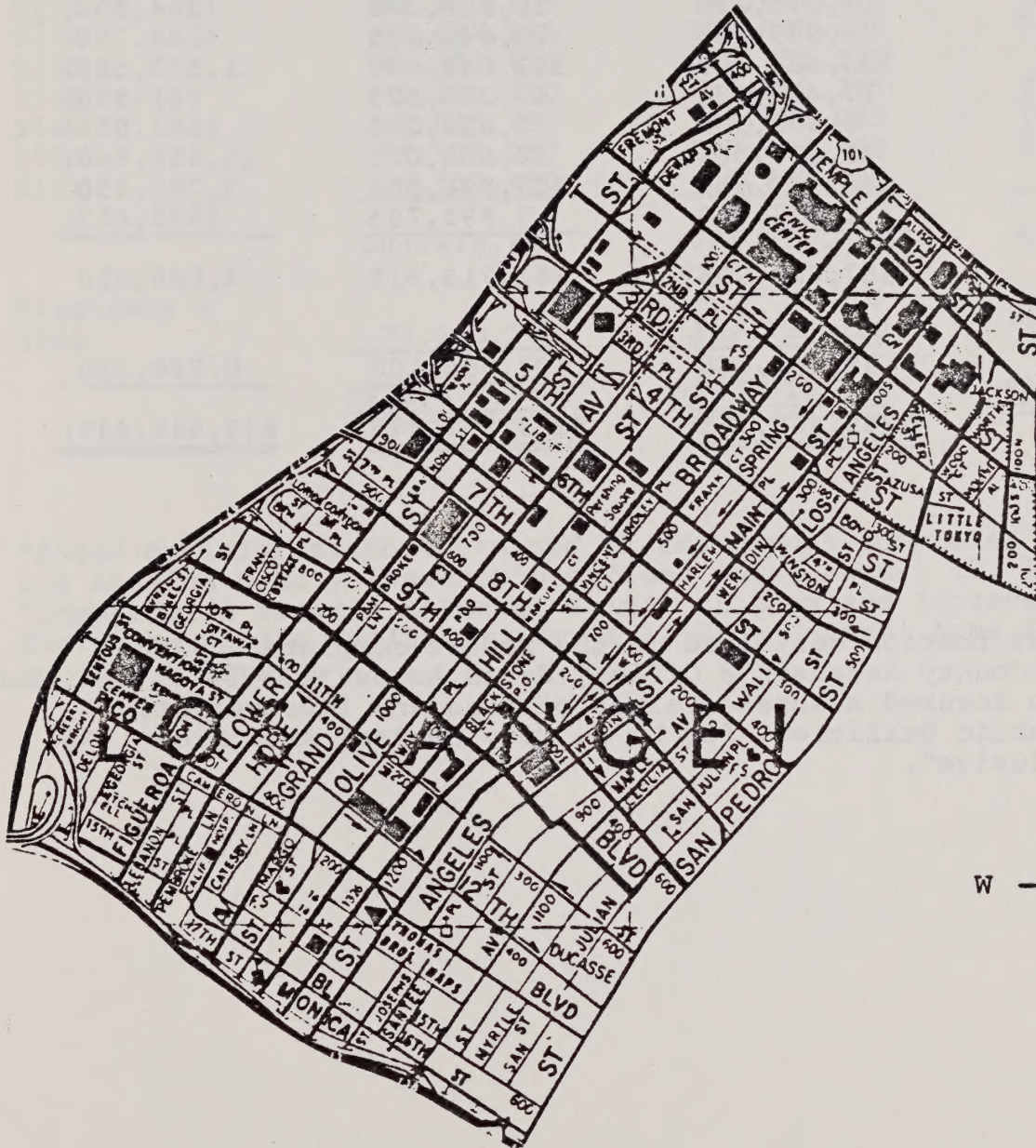
Modernization projects financed through tax increments can generate new investment and new economic activity. In some cases, there is also a redistribution of existing tax revenues and existing economic activity. Not all new activity in the project area is a net gain for the city or the region.

Although public investment, from tax increment or other sources, is essential to generating central city modernization, the major part of the investment must ultimately come from the private sector, primarily through new construction.

LOS ANGELES CITY CENTRAL AREA

N Boundary - Hollywood Freeway and Freeway Interchange
S " - Santa Monica Freeway
W " - Harbor Freeway
E " - Alameda Street from Freeway Interchange South to
3rd Street.

San Pedro Street from 3rd Street South to Santa
Monica Freeway.



MAP BOOKS: 5133, 5134, 5138, 5139, 5144; 5145,
5148, 5149, 5151, 5161, 5162

Exhibit 5

COMPARATIVE SCHEDULE OF ASSESSED VALUES

CITY CENTRAL AREA*

1974-75 AND 1975-76

<u>Map Book #</u>	<u>Assessed Values</u>		<u>Increase (Decrease)</u>
	<u>1974</u>	<u>1975</u>	
5133	\$ 4,122,885	\$ 4,110,960	\$ (11,925)
5134	9,381,975	9,290,325	(91,650)
5138	11,071,225	10,806,375	(264,850)
5139	35,989,625	35,844,925	(144,700)
5144	123,622,180	122,049,600	(1,572,580)
5145	17,413,055	17,351,525	(61,530)
5148	8,382,335	7,819,285	(563,050)
5149	41,007,565	38,553,025	(2,454,540)
5151	98,167,650	107,896,100	9,728,450
5161	8,477,410	7,993,795	(483,615)
	<u>357,635,905</u>	<u>361,715,915</u>	<u>4,080,010</u>
Eliminate			
5151	<u>98,167,650</u>	<u>107,896,100</u>	<u>9,728,450</u>
	<u>\$259,468,255</u>	<u>\$253,819,815</u>	<u>\$ (5,648,440)</u>

*Based on information contained in the report completed by the Los Angeles County Assessor's Office, dated August 12, 1975, entitled "Comparative Secured Assessed Values of Land and Improvements Excluding Public Utilities, for L. A. City Central Area From 1965 to 1975 Inclusive".

COMPARATIVE SCHEDULE OF ASSESSED VALUES

CITY CENTRAL AREA*

1972-73 AND 1975-76

<u>Map Book #</u>	<u>Assessed Values</u>		<u>Increase (Decrease)</u>
	<u>1972</u>	<u>1975</u>	
5133	\$ 4,070,375	\$ 4,110,960	\$ 40,585
5134	9,055,925	9,290,325	234,400
5138	12,309,825	10,806,375	(1,503,450)
5139	33,830,305	35,844,925	2,014,620
5144	97,687,945	122,049,600	24,361,655
5145	16,317,420	17,351,525	1,034,105
5148	8,899,910	7,819,285	(1,080,625)
5149	42,845,790	38,553,025	(4,292,765)
5151	74,123,950	107,896,100	33,772,150
5161	8,557,450	7,993,795	(563,655)
	<u>307,698,895</u>	<u>361,715,915</u>	<u>54,017,020</u>
Eliminate #			
5151	<u>74,123,950</u>	<u>107,896,100</u>	<u>33,772,150</u>
	<u>\$233,574,945</u>	<u>\$253,819,815</u>	<u>\$20,244,870</u>

*Based on information contained in the report completed by the Los Angeles County Assessor's Office, dated August 12, 1975, entitled "Comparative Secured Assessed Values of Land and Improvements Excluding Public Utilities, for L.A. City Central Area From 1965 to 1975 Inclusive".

LOS ANGELES CITY: Comparative Gross Assessed Values
from 1965 - 1975 inclusive

(All amounts in Thousands of Dollars)

	<u>SECURED ROLL</u>	<u>UNSECURED ROLL</u>	<u>TOTAL</u>	<u>STATE ASS'D PUBLIC UTILITIES</u>	<u>GRAND TOTAL GROSS ASS'D VALUE</u>	<u>INCREASE FROM PRIOR YEAR</u>	<u>PERCENT OF INCREASE FROM PRIOR YEAR</u>
1965	\$4,947,026	\$ 604,492	\$5,551,518	\$424,995	\$5,976,513	\$	
1966	5,517,054	658,707	6,175,761	427,344	6,603,105	626,592	10.48
1967	5,763,124	733,499	6,496,623	418,968	6,915,591	312,486	4.73
1968	5,946,618	815,930	6,762,548	416,325	7,178,873	263,282	3.81
1969	6,147,633	943,867	7,091,500	418,865	7,510,365	331,492	4.62
1970	6,438,109	980,815	7,418,924	414,114	7,833,038	322,673	4.30
1971	6,661,297	1,018,452	7,679,749	400,503	8,080,252	247,214	3.16
1972	7,021,849	1,061,146	8,082,995	385,102	8,468,097	387,845	4.80
1973	7,373,183	1,068,703	8,441,886	386,094	8,827,980	359,883	4.25
1974	7,701,340	1,138,108	8,839,448	400,792	9,240,240	412,260	4.67
1975	8,125,828	1,307,238	9,433,066	408,728	9,841,794	601,554	6.51
Increase from 1965 to 1975						<u><u>\$3,865,281</u></u>	64.67

Compiled by: Los Angeles County Assessor's Office
Assessment Standards
Research and Statistics Section
February 25, 1976

LOS ANGELES COUNTY: Comparative Gross Assessed Values
from 1965 - 1975 inclusive

(All Amounts in Thousands of Dollars)

	<u>GROSS COUNTY ASSESSED VALUE</u>			<u>STATE ASS'D PUBLIC UTILITIES</u>	<u>GRAND TOTAL GROSS ASS'D VALUE</u>	<u>INCREASE FROM PRIOR YEAR /</u>	<u>PERCENT OF INCREASE FROM PRIOR YEAR</u>
	<u>SECURED ROLL</u>	<u>UNSECURED ROLL</u>	<u>TOTAL</u>				
1965	\$12,205,157	\$1,427,386	\$13,632,543	\$1,253,692	\$14,886,235	\$	
1966	13,430,161	1,580,297	15,010,458	1,286,382	16,296,840	1,410,605	9.48
1967	14,324,250	1,808,685	16,132,935	1,301,494	17,434,429	1,137,589	6.98
1968	15,023,219	1,955,166	16,978,385	1,308,288	18,286,673	852,244	4.89
1969	15,636,803	2,293,547	17,930,350	1,307,702	19,238,052	951,379	5.20
1970	16,668,507	2,339,910	19,008,417	1,285,341	20,293,758	1,055,706	5.49
1971	17,276,764	2,437,151	19,713,915	1,230,545	20,944,460	650,702	3.21
1972	18,065,749	2,621,796	20,687,545	1,201,481	21,889,026	944,566	4.51
1973	18,765,363	2,617,345	21,382,708	1,198,775	22,581,483	692,457	3.16
1974	19,909,834	2,837,524	22,747,358	1,256,567	24,003,925	1,422,442	6.30
1975	21,322,642	3,397,977	24,720,619	1,278,979	25,999,598	1,995,673	8.31
Increase from 1965 to 1975					<u><u>\$11,113,363</u></u>		74.66

Compiled by: Los Angeles County Assessor's Office
Assessment Standards
Research and Statistics Section
February 25, 1976

COMPARATIVE STATEMENT OF GROSS ASSESSED VALUATIONS

CITY OF LOS ANGELES AND COUNTY OF LOS ANGELES*

1965-66 To 1975-76

(All Amounts in Thousands of Dollars)

YEAR	County of Los Angeles GROSS ASSESSED VALUE	PERCENT OF INCREASE FROM PRIOR YEAR	City of Los Angeles GROSS ASSESSED VALUE	PERCENT OF INCREASE FROM PRIOR YEAR
1965-66	\$ 14,886,235		\$ 5,976,513	
1966-67	16,296,840	9.48	6,603,105	10.48
1967-68	17,434,429	6.98	6,915,591	4.73
1968-69	18,286,673	4.89	7,178,873	3.81
1969-70	19,238,052	5.20	7,510,365	4.62
1970-71	20,293,758	5.49	7,833,038	4.30
1971-72	20,944,460	3.21	8,080,252	3.16
1972-73	21,889,026	4.51	8,468,097	4.80
1973-74	22,581,483	3.16	8,827,980	4.25
1974-75	24,003,925	6.30	9,240,240	4.67
1975-76	25,999,598	8.31	9,841,794	6.51
Increase from 1965 to 1975		74.66		64.67
Average Yearly Percentage Increase		7.5		6.5

*County valuations include City valuations. Valuations for all years shown include public utilities.
Source: Los Angeles County Assessor's Office.

Excluding Public Utilities, for Los Angeles
City Central Area from 1965 to 1975 Inclusive

N Boundary - Hollywood Freeway and Freeway Interchange
S " - Santa Monica Freeway
W " - Harbor Freeway
E " - Alameda Street from Freeway Interchange South to
3rd Street.
San Pedro Street from 3rd Street South to
Santa Monica Freeway.

MAP BOOKS: 5133, 5134, 5138, 5139, 5144, 5145, 5148, 5149,
5151, 5161, 5162.

ASSESSED VALUES OF LAND & IMPROVEMENTS

		<u>1975</u>	<u>1965</u>	<u>Change</u>	<u>% Change</u>
MAP	5133	\$ 4,110,960	\$ 3,185,330	\$ 925,630	29.06
BOOK:	5134	9,290,325	6,684,300	2,606,025	38.99
	5138	10,806,375	10,162,280	644,095	6.34
	5139	35,844,925	24,341,180	11,503,745	47.26
	5144	122,049,600	81,892,870	40,156,730	49.04
	5145	17,351,525	15,435,150	1,916,375	12.42
	5148	7,819,285	7,231,410	587,875	8.13
	5149	38,553,025	42,611,990	(4,058,965)	(9.53)
	5151	107,896,100	9,831,810	98,064,290	997.42
	5161	7,993,795	1,201,210	6,792,585	565.48
	5162	Included in M.B. 5161	5,283,280	(5,283,280)	(100.00)
TOTAL:		<u>\$361,715,915</u>	<u>\$207,860,810</u>	<u>\$153,855,105</u>	74.02

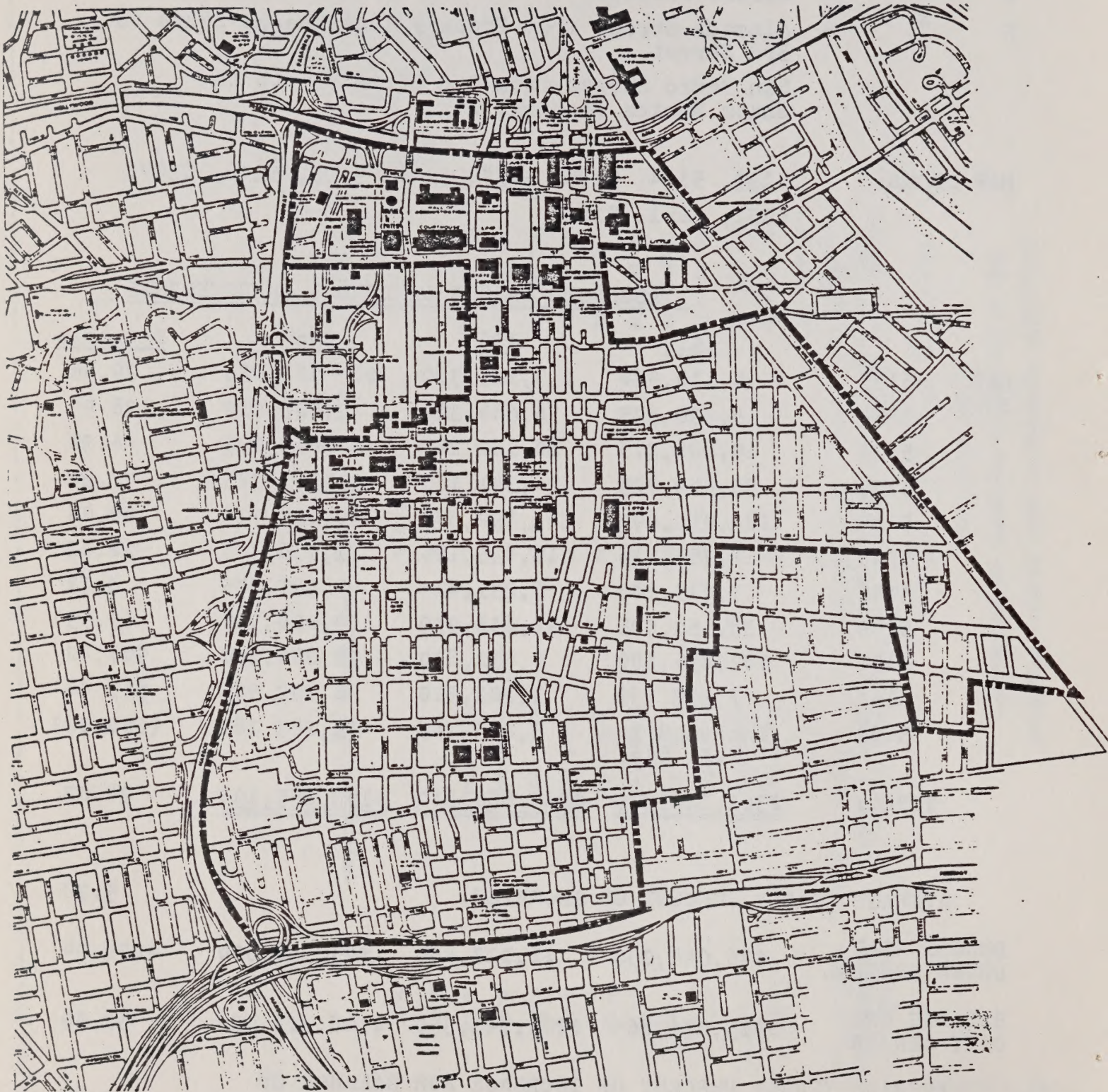
AVERAGE YEARLY PERCENT OF INCREASE: 5.70

BUNKER HILL
URBAN RENEWAL \$46,644,050 \$1,117,480 \$45,526,570 4074.04

BALANCE OF
CITY CENTER \$315,071,865 \$206,743,330 \$108,328,535 52.40

AVERAGE YEARLY PERCENT OF INCREASE FOR BALANCE OF
CITY CENTER: 4.30

CBD REDEVELOPMENT PROJECT



THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

SCHEDULE 1

LOS ANGELES CENTRAL BUSINESS DISTRICT PROJECT
LOCAL SECURED ASSESSED VALUATION TRENDS
(NET OF ALL EXEMPTIONS)
1966 - 1975

MAP BOOK #	AREA/NAME	LOCAL SECURED ASSESSED VALUATION 1966	LOCAL SECURED ASSESSED VALUATION 1975	AMOUNT NET INCREASE OR DECREASE (-)	PERCENTAGE INCREASE OR DECREASE (-)
5130	14th/Hooper	\$ 293,840	\$ 503,400	\$ 209,560	71.3 %
5133	15th/Los Angeles	3,635,320	3,848,365	213,045	5.8
5134	Figueroa/Venice	5,903,600	6,093,085	189,485	3.2
5138	Convention Center	10,707,120	11,802,790	1,095,670	28.9
5145	Garment District	14,705,680	15,285,495	579,815	3.9
5146	Eastside Industrial	955,020	1,026,525	71,505	7.5
5147	5th/Central	6,721,990	8,197,950	1,475,960	21.9
5148	Central City East	7,837,360	8,159,680	322,320	4.1
5149	Spring St. Fin. Dist.	43,332,430	42,599,390	(733,040)	(1.7)
5161	Civic Center	1,755,220	2,184,125	(523,385)	(19.3)
5162	Civic Center East	952,290			
			(1)		
	SUB-TOTAL	\$ 96,799,870	\$101,700,805	\$ 4,900,935	5.1
5139	Occidental Center	27,460,890	37,449,610	9,988,720	36.4
5144	Commercial Core	83,071,880	122,310,860	39,238,980	47.2
5151	Westside Fin. Dist.	9,549,730	62,513,910	52,964,180	554.6
	SUB-TOTAL	\$120,082,500	\$222,274,380	\$102,191,880	85.7
	GRAND TOTAL	\$216,882,370	\$323,975,185	\$107,092,815	49.4

(1) Map Books 5161 and 5162 consolidated during tax year 1974-75; now reported as Map Book 5161

Note: Net of Bunker Hill and Little Tokyo Redevelopment Project values within Map Books 5151 and 5162, respectively, on all schedules.

Amended: Controller
3/4/76

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

SCHEDULE 2

LOS ANGELES CENTRAL BUSINESS DISTRICT PROJECT
LOCAL SECURED ASSESSED VALUATION TRENDS
(NET OF ALL EXEMPTIONS)
1973 - 1975

MAP BOOK #	AREA/NAME	LOCAL SECURED ASSESSED VALUATION 1973	LOCAL SECURED ASSESSED VALUATION 1975	AMOUNT NET INCREASE OR DECREASE (-)	PERCENTAGE INCREASE OR (DECREASE)
5130	14th/Hooper	\$ 405,830	\$ 503,400	\$ 97,570	24.0 %
5133	15th/Los Angeles	3,891,910	3,848,365	(43,545)	(1.1)
5134	Figueroa/Venice	7,090,210	6,093,085	(997,125)	(14.1)
5138	Convention Center	13,661,045	13,802,790	141,745	1.0
5145	Garment District	14,953,825	15,285,495	331,670	2.2
5146	Eastside Industrial	1,042,080	1,026,525	(15,555)	(1.5)
5147	5th/Central	8,126,285	8,197,950	71,665	.9
5148	Central City East	8,805,610	8,159,680	(645,930)	(7.3)
5149	Spring St. Fin. Dist.	46,545,085	42,599,390	(3,945,695)	(8.5)
5161	Civic Center	1,314,675	2,184,125	(120,445)	(5.2)
5162	Civic Center East	989,895			
		} (1)			
	SUB-TOTAL	\$106,826,450	\$101,700,805	\$ (5,125,645)	(4.8)
5139	Occidental Center	34,828,455	37,449,610	2,621,155	7.5
5144	Commercial Core	116,966,585	122,310,860	5,344,275	4.6
5151	Westside Fin. Dist.	58,876,080	62,513,910	3,637,830	6.2
	SUB-TOTAL	\$210,671,120	\$222,274,380	\$ 11,603,260	5.5
	GRAND TOTAL	\$317,497,570	\$323,975,185	\$ 6,477,615	2.0

(1) Map Books 5161 and 5162 consolidated during tax year 1974-75; now reported as Map Book 5161

Note: Net of Bunker Hill and Little Tokyo Redevelopment Project values within Map Books 5151 and 5162, respectively, on all schedules.

Amended: Controller
3/4/76

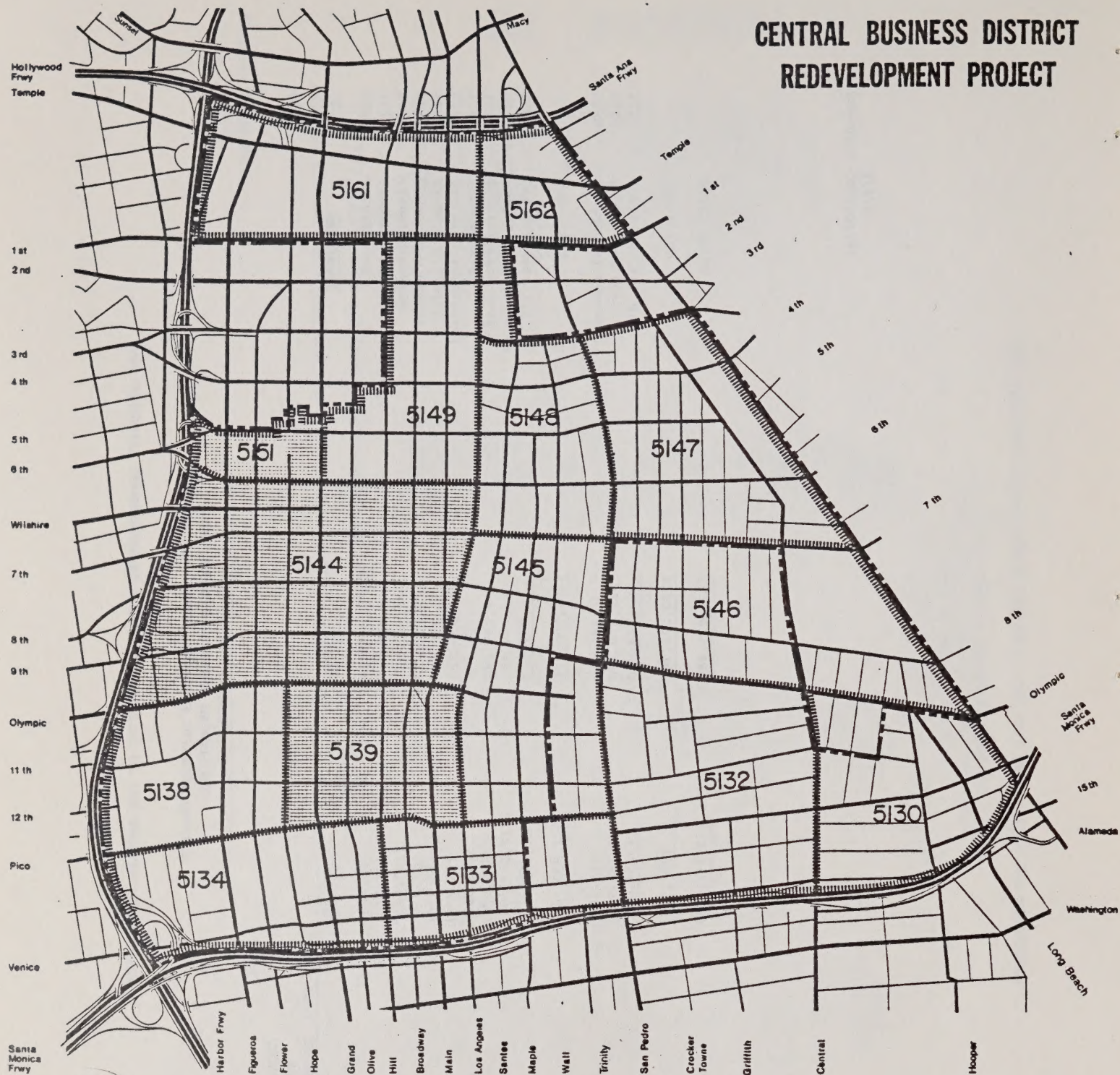
THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

LOS ANGELES CENTRAL BUSINESS DISTRICT PROJECT
 LOCAL SECURED ASSESSED VALUATIONS
 (NET OF ALL EXEMPTIONS)

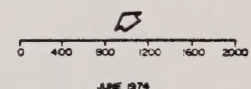
MAP BOOK #	AREA/NAME	TOTAL	1975	
			CHANGE 1974	INCREASE OR DECREASE (-) %
			AMOUNT	
5130	14th/Hooper	\$ 503,400	\$ 93,880	22.9 %
5133	15th/Los Angeles	3,848,365	(91,735)	(2.3)
5134	Figueroa/Venice	6,093,085	(390,605)	(6.0)
5138	Convention Center	13,802,790	461,450	3.5
5145	Garment District	15,285,495	(123,790)	(.8)
5146	Eastside Industrial	1,026,525	(38,480)	(3.6)
5147	5th/Central	8,197,950	136,320	1.7
5148	Central City East	8,159,680	(328,930)	(3.9)
5149	Spring St. Fin. Dist.	42,599,390	(2,483,105)	(5.5)
5161	Civic Center (1)	<u>2,184,125</u>	<u>(65,270)</u>	<u>(2.9)</u>
	SUB-TOTAL	<u>\$101,700,805</u>	<u>\$(2,830,265)</u>	<u>(2.7)</u>
5139	Occidental Center	37,449,610	414,280	1.1
5144	Commercial Core	122,310,860	(1,775,905)	(1.4)
5151	Westside Fin. Dist.	<u>62,513,910</u>	<u>1,054,040</u>	<u>1.7</u>
	SUB-TOTAL	<u>\$222,274,380</u>	<u>\$ (307,585)</u>	<u>(1.4)</u>
	GRAND TOTAL	<u>\$323,975,185</u>	<u>\$(3,137,850)</u>	<u>(.96)</u>

Amended: Controller
 3/4/76

CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT



ASSESSOR'S MAP BOOK
BOUNDARIES
PROJECT BOUNDARY
1967-1974 TRENDS BY MAP BOOK :
* AREAS OF MAJOR GROWTH = 78%
ALL OTHER AREAS IN PROJECT = 8%



* NOTE: MOST GROWTH IN MAP BOOK 5144
OCCURRED IN NORTHWESTERLY CORNER
THEREOF.

LOCAL SECURED ASSESSED VALUATION (1)

<u>Year</u>	<u>County of Los Angeles (2)</u>	<u>% Change</u>	<u>City of Los Angeles (2)</u>	<u>% Change</u>	<u>Central Business District (3)</u>	<u>% Change</u>
1965-66	\$11,637,929,575		\$4,724,317,110			
1966-67	12,848,603,445	10.4	5,286,912,030	11.9	\$216,882,370	--
1967-68	13,731,640,560	6.9	5,526,984,195	4.5	226,088,950	4.2
1968-69	14,422,022,875	5.0	5,704,566,040	3.2	235,229,430	4.0
1969-70 (4)	14,299,769,320	(.8)	5,645,307,245	(1.0)	237,217,605	.8
1970-71	15,265,136,910	6.8	5,924,545,585	4.9	243,739,820	2.7
1971-72	15,847,389,935	3.8	6,138,459,850	3.6	267,116,925	9.6 (5)
1972-73	16,606,234,930	4.8	6,495,332,715	5.8	292,010,777	9.3 (5)
1973-74 (4)	16,112,087,400	(3.0)	6,433,876,400	(.9)	317,497,570	8.7 (5)
1974-75	17,054,888,880	5.9	6,686,651,665	3.9	327,113,035	3.0
1975-76	18,239,871,865	6.9	7,034,203,960	5.1	323,975,185	(1.0)

Change from 1965-66 to 75-76 =	56.7	Change from 65-66 to 75-76 =	48.9	Change from 66-67 to 75-76 =	49.4 (5)
Average % change =	5.7	Average % change =	4.9	Average % change (9 years) =	5.5 (5)

- (1) Does not include unsecured property, State assessed property (public utilities) and is net of exemptions.
- (2) Source: Tax Payer's Guide.
- (3) Net of Bunker Hill and Little Tokyo Project values. Source: Community Redevelopment Agency, utilizing County Tax Assessor records. 1965-66 not furnished. (NOTE: Los Angeles County Auditor - Controller Tax Division estimates vary slightly as follows: 74-75 \$329,972,625; 75-76 \$326,480,065)
- (4) The assessed valuations, net of exemptions, for the County and City decreased materially in 1969-70 due to the commencement of the \$750 homeowners exemption. It decreased again in 1973-74 when the homeowners exemption was increased from \$750 to \$1,750. It would appear that the Central Business District was not materially affected as there are few owner occupied residences which qualify for the exemption.
- (5) These material increases in the assessed valuation of the Central Business District results from the completion of the following major new structures:

	<u>Assessed Valuations Added</u>		
	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
Arco Towers	\$19,055,315	\$10,745,895	\$3,568,790
Wells Fargo	Unknown	535,000	672,000
Broadway Plaza	Unknown	4,537,500	9,450,000
Linder Plaza	401,500	395,275	174,725
Security Pacific Bank Plaza	Unknown	875,000	2,318,500
United California Bank Building	1,778,600	1,657,475	8,458,750
TOTAL	<u>\$21,235,415</u>	<u>\$18,746,145</u>	<u>\$24,293,315</u>
Total Increase in Assessed Valuation in CBD	<u>\$23,377,105</u>	<u>\$24,893,852</u>	<u>\$25,486,793</u>
Percentage of increase of six buildings compared to total increase in CBD	<u>90.3 %</u>	<u>75.3 %</u>	<u>95.3 %</u>
Percentage of change in CBD excluding 6 buildings	<u>9.9 %</u>	<u>2.3 %</u>	<u>4.4 %</u>



COUNTY OF LOS ANGELES / AUDITOR-CONTROLLER
TAX DIVISION

153 HALL OF ADMINISTRATION, LOS ANGELES, CAL. 90012
(213) 974-8361

MARK H. BLOODGOOD
AUDITOR-CONTROLLER

THOMAS J. KOZLOWSKI
DANIEL O. IKEMOTO
ASSISTANT AUDITOR-CONTROLLERS

June 18, 1976

EDWARD GUERRERO, CHIEF
TAX DIVISION

Mr. Harold L. Katz
Citizens Advisory Committee
L. A. CBD Redv. Project
225 City Hall
Los Angeles, Calif. 90012

Attention: Mark Ryavac

Dear Mr. Katz:

In accordance with your request the following are the assessed values for the Los Angeles City Central Business District Redevelopment Project:

<u>SECURED</u>	<u>Base Year</u> <u>1974-75</u>	<u>Current Year</u> <u>1975-76</u>
Land	\$121,650,110	\$116,096,230
Improvements	206,278,555	209,002,835
Pers. Prop.	<u>10,724,025</u>	<u>10,246,340</u>
Total Secured	\$338,652,690	\$335,345,405
Less: Exemptions*	<u>\$ 8,680,065</u>	<u>\$ 8,865,340</u>
Net Secured	<u>\$329,972,625</u>	<u>\$326,480,065</u>
 <u>UNSECURED</u>		
Land	\$ -0-	\$ -0-
Improvements	\$ 29,565,232	\$ 32,511,076
Pers. Prop.	<u>84,587,276</u>	<u>81,763,475</u>
Total Unsecured	\$114,152,508	\$114,274,551
Less: Exemptions*	<u>\$ 277,245</u>	<u>\$ 297,440</u>
Net Unsecured	<u>\$113,875,263</u>	<u>\$113,977,111</u>
 GRAND TOTAL	<u>\$443,847,888</u>	<u>\$440,457,176</u>

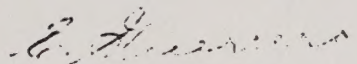
RECEIVED
JUN 21 1976
Chief Legislative Analyst

The above values do not include Public Utilities that are assessed by the State Board of Equalization for either the base year or the 1975-76 year. These values have not been received by our office from the State Board of Equalization as of this date.

* Non reimbursable exemptions

Very truly yours,

MARK H. BLOODGOOD
AUDITOR-CONTROLLER


E. GUERRERO, Chief
Tax Division

EG:rl

skid row:

recommendations to citizens advisory
committee on the central business district
plan for the city of los angeles

introduction

This Row is a directory of services and facilities that are available to the community. It is a directory of the city of Los Angeles and is a directory of the city of Los Angeles. It is a directory of the city of Los Angeles and is a directory of the city of Los Angeles. It is a directory of the city of Los Angeles and is a directory of the city of Los Angeles.

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part 1

conceptual analysis

part 2

social programs

part 3

alcoholism treatment

part 4

physical containment

INTRODUCTION

Skid Row is a problem so complex that no single solution can succeed by itself. Recognition of this fact led to an amalgamation of the four perspectives represented by this document. It consists of four reports which outline Skid Row programs that are interrelated and, in some cases, interdependent. Together they constitute a multi-faceted approach to the problem of Skid Row.

Part I is a conceptual analysis of Skid Rows in general, and includes an appendix that details methods of cutting off the flow of men into Skid Row. It was prepared by Dr. Leonard Blumberg, Professor of Sociology, Temple University, after he visited Los Angeles and met with representatives of several Skid Row service agencies and members of the Citizens Advisory Committee for the Central Business District Plan.

Part 2 takes the Skid Row Programs suggested by Dr. Blumberg and applies them to the Los Angeles Skid Row. It was prepared by the Los Angeles Catholic Workers, which operate Hospitality Kitchen, a Skid Row soup kitchen.

Part 3 is a comprehensive alcoholism services proposal prepared by the Public Inebriate Program. It recommends establishment of a central organization which would coordinate the efforts of the providers of alcoholism treatment services.

Part 4 is a strategy for improving the physical condition of Skid Row while reducing its impact on Central City Los Angeles through containment. It was prepared by the Los Angeles Community Design Center.

skid row:

recommendations to citizens advisory
committee on the central business district
plan for the city of los angeles

part 1

conceptual analysis

NOT FOR GENERAL CIRCULATION WITHOUT THE CONSENT OF THE AUTHOR

To: Charles F. Elsesser, Jr., Esq., Legal Aid Foundation of Los Angeles
Jeff Dietrich, Los Angeles Catholic Worker
Gary Squier, Los Angeles Community Design Center

From: Leonard Blumberg, Ph.D., Consultant on Alcoholism and Skid Row,
P.O. Box 325, Darby, Pennsylvania 19023

June 4, 1976

This memorandum is written after a brief two-and-a-half day visit to Los Angeles. It cannot pretend to be based on a careful study of conditions in that city. I believe that I have grasped the essentials of the skid row situation, however. Behind this memorandum and its recommendations are approximately seventeen (17) years of research and thought about skid row, which have been summarized in Skid Row and Its Alternatives (5) and Liquor and Poverty (3), as well as a number of articles of an interim nature.

If there is anything that my colleagues and I have learned about planning, action, evaluation and research with respect to skid row, it is that there is no "magic bullet." That is, there is no direct and easy solution that will solve "the skid row problem" of Los Angeles. Rather, we believe that partial and incremental solutions are more practicable, given the characteristics of our society as it is and as it is likely to be within the foreseeable future. Quite self-consciously, therefore, this memorandum presents a plan that I think will be useful. But, it is not a PLAN; that is, it is not a blueprint for the redevelopment of the Downtown of Los Angeles nor even of the Center City East section.

As I understand it, there is a substantial Skid Row area in downtown Los Angeles to the east of the present Central Business District (CBD). As in all Skid Rows in the United States, this is an area of mixed land use; there are a number of small industrial plants scattered in the area, as well as some public buildings and some non-skid row-related commercial activities in the western fringes of the area. In the interest of time and space, I will not attempt a complete description of a skid row area and the kinds of land useages and population to be found in them. I refer the reader to Bogue (6), Blumberg, Shipley and Shandler (5), and Blumberg, Shipley and Moor (4). What is notable about the downtown Los Angeles Skid Row is that

it is dispersed over a number of blocks, that the area has been partially cleared (or never was developed in the first place), that it is believed there are 8,000 to 10,000 people (mostly men) who live in the area, and that there is a significant seasonal variation in size. It is my understanding that the seasonal ebb and flow in the population size of the Los Angeles Skid Row is such that in the off-season, when agricultural work is not available, the number of residents of the area increases by a third. The estimates of population size that I was given do not take that into consideration, so that I do not know whether it is an off-season estimate. That is, the seasonal range of population size of the Los Angeles Skid Row may be between 5,300 and 13,300. The downtown Los Angeles Skid Row is notable because it is apparently still a very active workingmen's area and has not settled into the long decline which is now characteristic of the eastern and middle-western skid row sections.

In addition to the downtown Skid Row area, it is my understanding that there are an undetermined number of Skid Row-like people living in the Westlake MacArthur Park area to the west of the Wilshire Boulevard high-rent district. Smaller pockets of Skid Row-like people apparently live in Long Beach, Venice, San Pedro, and elsewhere in the Los Angeles metropolitan area. While exact numbers are not available, there can be little doubt that the total skid row-like population of Los Angeles is a large one.

THE SKID ROW CONCEPT

A skid row area is commonly thought of as a "homeless man" area; that is, it is an area occupied almost exclusively by low-income men who are living outside the familial context which is dominant in our society. The term usually implies more than that, however, for it refers as much to a stereotype as it does to what actually exists in the area. Stereotypically, skid row areas are sections near the CBD that are inhabited by impoverished homeless white males living in slum housing. Stereotypically, skid row areas usually have cheap hotels, gospel missions, blood banks, pawn shops or loan sharks, casual labor employment offices ("slave markets"), circular distribution headquarters ("muzzling" firms), cheap restaurants ("greasy spoons"), and cheap bars. While most research makes it evident

that only about a third of the residents of such an area have a major alcohol problem (are "alcoholics"), though other residents may drink heavily from time to time, the skid row area is stereotypically conceived to be the place where the "winos" hang out. With some variation, this is the concept that is used by Bogue (6), Wallace (8), Bahr (2), Bahr and Caplow (1), Spradley (7), Wiseman (9), and Blumberg, Shipley, and Shandler (5).

Our own work in recent years has begun to suggest a different approach (3, 4). This alternative approach grew out of our efforts to take a preventive point of view rather than solely understanding skid row as it exists today (and in the recent past). We used several different ways to come at the predictive problem that is implied by a preventive approach. We believed that a knowledge of when and how skid row areas developed in the past might throw some light on what we might expect in the future. We found that skid row areas ("homeless man" areas) in Philadelphia and Detroit were located between the CBD and the vice area ("red light district"). Indeed, it became apparent that if the skid row area was conceived to be a homeless man area, then the red light district could be conceived to be a homeless woman area. We began to understand that the stereotyped concept of a skid row area was "sexist;" that is, it excluded from consideration women living outside of family who might be equally suffering from poverty and degradation and viewed by the larger community as pariahs.

A second line of investigation into the origin of the skid row areas of Philadelphia and Detroit led us to conclude that before the stereotyped skid row areas had developed in those cities, there had been other sections in which black and white men, women and children lived with a lifestyle more or less identical with what we associate with that which has been found in skid row areas since the 1890's. So, it became evident to us that we should think of skid row without regard to sex and without regard to race. With appropriate modifications for local differences, I believe this conclusion is applicable to Los Angeles.

Viewed in this manner, skid row is not so much an area as that it is a way of life that is impoverished, lived-in slum housing, subject to a harsh style of police supervision that varies between benevolent despotism and oppression, and is the lowest level of social power and social prestige in our society. Such a lifestyle often involves heavy, indeed extreme, use

of alcohol, but this is not always the case. People who live a skid row lifestyle (whatever they may say defensively to maintain some shred of their own self-respect) are frequently physically sick, often unhappy, and relatively ineffective in making and implementing decisions with respect to their lives. Those who have lived this lifestyle for a period of years, especially when they live it in a skid row area, are generally caught in it and become committed to it more or less permanently.

If we can talk about a skid row-like lifestyle in distinction to a skid row area, then we can readily recognize that there are persons with a skid row-like lifestyle who live in the slums and poor sections of the big cities, as well as in the stereotyped skid row areas. Our research shows that this is, in fact, the case. Indeed, we can expect to find people with a skid row-like lifestyle in some suburban municipalities as well; and our research in one suburban county of metropolitan Philadelphia demonstrated that this is the case. Such an approach in which the central question is the location of people who live a skid row lifestyle but who are outside the downtown Skid Row and Westlake MacArthur Park raises some very interesting questions that I could not adequately investigate in the time available to me. Minimally, there would seem to be an indeterminate number of skid row-like people living in the South Los Angeles and East Los Angeles sections. Other sections of the city which have numbers of impoverished people probably also have people with a skid row-like lifestyle living in them. This remains for investigation; my central concern in this memorandum is that there be an understanding of the consequences when attention is focused on the skid row-like lifestyle rather than on skid row as an area. From this new point of view, it is evident that we are not concerned about "where will Skid Row move next?" for, insofar as there are people with a skid row-like lifestyle already living in a number of scattered localities in the Los Angeles metropolitan area, "the new Skid Row" already exists and has been developing for a number of years in the poorer sections of metropolitan Los Angeles.

A PROPOSED STRATEGY FOR LOS ANGELES

It is clear that a skid row population the size of the one found adjacent to downtown Los Angeles cannot be readily dispersed; the numbers of people are too large and the outcry from other sections of metropolitan Los Angeles would probably be impossible to handle politically. At the same time, a strategy for Los Angeles needs to recognize that some partial dispersal has already taken place. It needs to recognize the fact that there are a number of people living a skid row-like lifestyle in the poor sections of Los Angeles. All of these people need considerable attention from welfare and public health authorities, not only because they are impoverished, but also because people living under these conditions are likely to have active tuberculosis and serum hepatitis. Insofar as that is true, they constitute a public health problem population--they are dangerous to others as well as to themselves.

The following strategy for Los Angeles represents a synthesis of what we know about skid rows, the conclusions that we have reached with respect to the skid row lifestyle and results of some very limited experiments. In a general way, the proposed strategy involves providing maintenance facilities and services in the existing Skid Row area to the east of the Los Angeles CBD, while developing a program which will "dry up" the flow of new residents into the Skid Row areas of Los Angeles. This latter is to be accomplished by a program of on-site neighborhood social work which is designed to locate people in the poor sections who have a lifestyle with some of the attributes of a skid row lifestyle, and to offer them a variety of health and welfare services which are calculated to encourage their movement away from a skid row-like lifestyle. The long-term consequence of such a strategy, if it is successful, would be to dry up the supply of those whose lifestyle becomes progressively more skid row-like and who ultimately find that they no longer have any roots in their home communities and who then drift into the skid row area. The orientation to the existing Skid Row area(s) is not so much "benign neglect" as "benign concern," while the orientation to the skid row-like people and the pre-skid row-like people living "out there" in their home communities and neighborhoods is actively preventive and rehabilitative.

The downtown Skid Row area. Both in Skid Row and Its Alternatives (5) and in Liquor and Poverty (3), my colleagues and I have strongly urged that there be established a "comprehensive service center" to provide necessary health and welfare services for the skid row people, whether they live in the downtown skid row area or elsewhere. I cannot dwell in detail on the complement of services that should be in such a facility but refer you to Skid Row and Its Alternatives, especially Chapter 13. In addition to a full complement of health and welfare services, we recommend in Liquor and Poverty that the Comprehensive Service Center also provide temporary housing for transients. By "transients" we have in mind persons who are more or less passing through and will be on their way in from several days to several weeks. In the Los Angeles case, I understand that there are a substantial number of seasonal agricultural workers who come to the area and some attention will need to be given to them and their needs within the general framework of the strategy under discussion. It is not the intention of this memorandum to work out a detailed plan for each of the sub-populations of the Los Angeles Skid Row (time does not allow it), but to suggest a general strategy, leaving it for others, if they will, to fill the gaps by providing greater detail.

It is also recommended that non-medical alcohol detoxification facilities be located in the downtown Los Angeles Skid Row area with close working ties to hospital facilities for the less than five percent emergency cases that will probably occur. One may view skid row as the intersection of poverty and alcohol; that is, even those residents of the skid row area who are not "alcoholics" do get drunk from time to time, as do many other non-skid row people, and a detoxification facility in the area will make it possible to move persons who are intoxicated in public places out of danger to themselves and to others as a part of a treatment rather than a law enforcement approach.

Our studies of skid row and the literature on the topic make it very likely that there are a number of people who need a protected living environment which is less than what we usually connote by the term "institution" which may be called "domiciliary care homes." The intent is to create living conditions which will offer protection from the manifest dangers that exist in the skid row slum area; a place that a skid row resident can call

"home," although it will not necessarily conform to the predilections of persons of a higher class and more fortunate circumstances. It would be for those who cannot "make it alone" because of age, health, heavy drinking, mental disorder, marginal mental capacity, or brain damage. The emphasis would be on persuasion, however, rather than compulsion; it would be recognized that the domiciliary facility is not oriented to "rehabilitation" in the sense of "returning to the larger community" but to provide a hospice where people who are committed to a skid row-like lifestyle and an identification with skid row as a community. These facilities should be small enough to make possible some sense of intimacy and friendliness among the residents.

Finally, for the downtown Los Angeles Skid Row area, it seems desirable to recommend the establishment of facilities that may be called "supervised boarding homes." The intent of this recommendation is to provide decent, safe, and sanitary housing for those residents of the Skid Row area who can "make it on their own," except that they need protection from exploitation in the food and housing market. The facilities should be small enough to make possible a quality of life that is not possible in a large and impersonal hotel and that will encourage the residents to want to continue to live there. Such a facility might have a mix of permanent residents ("homeguards") and seasonal migratory workers; the migratory workers could use the address as their permanent home and be able to leave their things there while they are away and have mail sent there as well. A considerable degree of latitude will be necessary in the definition of permissible behavior by the residents, for they are free citizens and one ought not to require of them daily behavior that is not required of other citizens. The term "supervised" is directed in the present case toward the management rather than to the residents; landlords in the Skid Row area can be rapacious and exploitative in a variety of ways. This can only be prevented by active intervention by concerned public officials. While the facilities may be privately managed, the quality of food and shelter will probably require some subsidy; in many cases, this can probably be managed as a part of the public assistance procedures that now exist or that can be developed.

The Westlake MacArthur Park Area. It is my understanding that the in-migration of skid row-like persons from the downtown area into the Westlake

area has been going on for sometime and that the numbers of such people, many of whom are elderly, is substantial. While the tactics recommended for the downtown Skid Row are conceived to be primarily oriented toward a stabilizing effect, the tactics for the Westlake MacArthur Park area are conceived to be partially stabilizing and partially rehabilitative.

In order to provide an anchor in the Westlake area and to short-circuit the present policy of the Department of Public Assistance of referring all "single men" in need of assistance to their office in the downtown Skid Row area (which may tend to funnel people into the Skid Row area), it is recommended that a comprehensive service center be established in the Westlake MacArthur Park area. This center would probably be smaller than that in the downtown Skid Row area although it should not be less comprehensive in the services it offers, except that it is not recommended that it have housing for transients. It is also recommended that some domiciliary facilities be available in the Westlake MacArthur Park area, although probably, again, there should probably be less available here than in the downtown Skid Row area. In contradistinction, it is recommended that there be a greater number of supervised boarding homes available in the Westlake MacArthur Park area than in the downtown Skid Row area. Such housing should give special attention to the low income elderly of the area who are living a lifestyle that can easily slip into a skid row-like lifestyle. It should be emphasized that the recommendation encompasses women as well as men. It should be also emphasized that a supervised boarding home is not conceived to be a quasi-hospital nursing home, but a residential facility which recognizes that some citizens need some minimal protection and will appreciate such protection if it is made available without too many onerous conditions being attached.

In addition to these programmatic tactics which are aimed at anchoring the existing skid row-like population in the Westlake MacArthur Park area, it is recommended that the comprehensive service facility also include intensive casework staff such as that described in Skid Row and Its Alternatives (Ch. 12). The conclusions of that work make it clear that only a relatively small number of persons who have adopted a skid row lifestyle (for operational purposes, those persons who have lived in the skid row area for five years or

more) are likely to abandon that lifestyle later. However, it seems likely that there will be a number of persons who are not committed to a skid row lifestyle who live in the Westlake MacArthur Park area, as well as people who still retain important roots in the community and who are more susceptible to "rehabilitation" in the sense of re-direction back into the community from which they came. An intensive casework program may, therefore, be more successful than it has been with relatively long-term residents of the skid row area.

Other outlying areas. Since there is no clear knowledge of the number of people involved, it makes little sense to suggest the further placement of facilities at the present time. It is suggested, however, that when referrals are made from these outlying areas, they be made to the Westlake MacArthur Park Comprehensive Service Facility rather than to the downtown Skid Row area comprehensive service facility so that the funnel effect is minimized. It should be re-emphasized, nonetheless, that both of the Comprehensive Service Facilities should be open to all citizens of metropolitan Los Angeles as their option.

Skid Row-like persons. Up to this point the tactics that have been proposed have been primarily oriented to the existing skid row population, although some attention has been given to rehabilitation. Attention is now to be directed to the preventive modality for Los Angeles. In Liquor and Poverty my colleagues and I describe a neighborhood oriented "preventive social casework" procedure. I attach an appendix to this memorandum which discusses the procedure. In brief it describes a limited experiment in which a trained caseworker went to a neighborhood in Philadelphia in which we knew there were skid row-like and pre-skid row-like people living. It was a poor and deteriorating section of the city in which there were citizens with many different problems. The caseworker was instructed to work "out of his hat;" that is, while he had an office, in the present case he was to "carry his office around with him;" he was to be a kind of travelling salesman for health and welfare services in this near-slum of Philadelphia. It took him several months to really "get his feet on the ground," but by the end of the brief experiment, he had built up a substantial number of relationships in the neighborhood and had begun to develop what under other circumstances might be called a "caseload." All this was done "out there;" that is,

his "clients" did not come to the office, he went to them in the neighborhood. He referred them to whatever health and welfare services were appropriate, he occasionally provided transportation to the hospital or to the Diagnostic and Rehabilitation Center for skid row people which was his headquarters location, he made telephone calls and opened doors, and he did counseling with alcoholics as he sat with them on the doorstoops or over a cup of coffee. His "case-load" came to include not only skid row-like people with alcohol problems, but an elderly woman who needed help getting a tax abatement, a young married couple who had taken on financial obligations that were a bit too much for them, and the members of two bottle gangs.

Our experience suggests that this kind of procedure will reach many people who still have active and viable relationships (family, friends, employment, relatively stable housing) in the community. Our limited evidence suggests that this procedure will find these people and provide the kind of assistance which will incrementally direct them away from an incipient skid row-like lifestyle. If this is successful, and I believe that it will be, then there is reason to hope that the flow of people into the downtown Skid Row area and into the skid row-like conditions under development in the Westlake MacArthur Park area can be "dried up." To put it another way, it is my best guess that such a tactic will move progressively toward the "prevention of skid row" in the sense of helping people move away from a skid row-like lifestyle. In saying this, I do not mean to imply that it will rectify long-range urban trends in land use and in the deterioration of the quality of housing in Los Angeles. Nor will it provide a solution to the pervasive poverty which can readily be found in some sections. Solutions to those problems, if they exist at all, must be found elsewhere.

Specifically then, it is recommended that Los Angeles develop a pilot program to explore the feasibility of this experimental model, the costs involved, the administrative problems involved, the best way to secure local community cooperation and participation, and the kinds of persons who are most likely to be reached through this procedure. It is recommended that this pilot program involve six neighborhood outreach caseworkers with the related adjunct staff and facilities. The program should run for about three years with assessment procedures instituted from the very beginning and as a part of the program.

Monitoring, Assessment, Evaluation. While my recommendations are based on research done in a number of cities in the United States and on concepts which derive from research, as well as having guided research, the plan presented in this memorandum should be regarded as a best bet. It should be monitored at a variety of important points over a period of years. As evaluative information comes in with respect to success and failure it may be possible to alter the program to keep it pointed in the desired direction. That is, as new information becomes available on the success of the strategy with its various tactics adjustments in institutional and administrative arrangements should be made. Specific plans for such evaluation should be made from the inception of the program; under ordinary circumstances failure to plan for evaluation from the very beginning means that it later becomes almost impossible to get relevant and important measures at a later date. It is my considered opinion that failure to plan for adequate evaluation from the very beginning makes it all but impossible to adequately conclude very much about the success or failure of the program itself except at the extremes of dismal failure or "roaring success." Failure to provide for adequate evaluation raises a serious question about the advisability of expending the money which a program such as that proposed will require.

The urgency of time does not permit me to set forth an evaluation/assessment plan. Perhaps at a later time this can be discussed in detail.

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APPENDIX

PREVENTIVE SOCIAL CASEWORK: FINDING SKID ROW-LIKE PEOPLE

Preventive Social Casework: Finding Skid Row-like People*

The dominant concept of Skid Row in the past has been as a place in the city which is marginal to the Central Business District. However, the present discussion views Skid Row as a relationship to the metropolis rather than as a place.¹ When the latter approach is used, one quickly realizes that, while there are differences between the residents of the stereotyped Skid Row locality and other impoverished people in the metropolis, these differences are relatively minor. Skid Row institutions, housing, drinking behavior and employment patterns are only slightly different from non-Skid Row institutions and behavior as they impinge upon the very poor. The Skid Row person and the urban poor are relatively powerless with respect to the police and the courts; they are vulnerable to victimization and exploitation through loan sharking, the day labor offices where they get jobs, their working conditions, their landlord-tenant relations, and the blood banks which are now found on the through-streets which run through the slums. And Skid Row persons and the metropolitan poor are similar in the fact that they are accorded almost no respect in public situations; hospital waiting-rooms are a good example.

From this point of view, if we are interested in the prevention of a Skid Row neighborhood, the problem is how to prevent people from falling into the Skid Row status from the ranks of the more amorphous destitute residents of the slums; it is especially relevant to interrupt the transformation of the "neighborhood drunk" into the "Skid Row bum." Spradley aptly describes elements of this process, observing the crucial importance of the police and the minor judiciary in the process of transformation.²

The following is presented as a more comprehensive statement of the process: The transition begins when the "neighborhood drunk" exhausts his "social credit" (his credibility, his ability to get favors done for him) with his relatives and old friends in the neighborhood.³ He may continue to live in his old neighborhood, using kin and friends increasingly as resources but there may come a time when the critical tie is gone (the mother or sister dies, the sustaining employer quits, or the children have "had it"). At that time, given other circumstances such as a jail term or two, he may move out of the old neighborhood into the high-density Skid Row locality. His characteristics are not

*By William Hood, Thomas E. Shipley, Jr., and Leonard Blumberg. All publication rights reserved.

much different before he moves so that the transition, while it has its adjustment and learning problems, is relatively far along before the move takes place. If the home neighborhood is already poor and physically deteriorated, however, he may continue to live there. He may even find some degree of protection and tolerance from the police, for a man tends to be treated differently in the neighborhood if he is perceived as an old-timer who "belongs" rather than as a "Skid Row bum" from the stereotyped Skid Row locality. People, who have characteristics which are strikingly similar to Skid Row neighborhood residents, although they continue to live elsewhere in the slums, are referred to in the present discussion as "Skid Row-like."

In a society with increasingly complex publicly and privately financed social welfare institutions for well over a century, Skid Row-like people have somehow not been adequately reached. They have fallen through the interstices in the social service institutional network; if a program of Skid Row prevention is to be meaningful, it must somehow find them and assist them to develop their own alternatives to the Skid Row lifestyle.

This essay discusses a project that was directed to Skid Row-like people in their "home neighborhoods." The project was part of a much larger investigation of the question of "The Prevention of Skid Row."⁴ The project to be discussed here was a response to a relatively tardy recognition that people with a Skid Row lifestyle were "there" outside the Skid Row locality, that they had been there all the time, and that it would be from these people with a Skid Row-like lifestyle that new residents of the traditional Skid Row area would come. The project assumed that the more people remained "anchored" in their home neighborhoods with whatever friendship and family ties there yet remained, the less likely they would be to drift into pariah status as participants to the Skid Row community.

The caseworker who undertook this work had been the intensive caseworker in a three-year study of alternative rehabilitation procedures with Skid Row men that has already been reported.⁵ During the course of that program, some working principles were developed that were carried forward into the neighborhood casework situation:

1. Little can be accomplished while the person continues to drink in an uncontrolled way; the caseworker works toward getting the person into detoxification facilities and the development of confidence in the advice that is offered to him.

2. The relationship between the counselor and the Skid-Row person can best be strengthened when maximum assistance is offered during the crises that perennially confront Skid-Row people. This sometimes means going to court as a witness in favor of the Skid-Row person ("Nobody ever backed me in court in my life before"), or continued visits to the man while he was either in jail or hospital and had no other visitors.

3. The Skid-Row man might want and feel a need to develop dependence on the caseworker. This was accepted; dependency is not necessarily undesirable. Having developed an enduring relationship, the caseworker then encouraged more responsibility and autonomy; timing was based on the man's expressed confidence that he could handle the new situation with reasonable effectiveness as well as the caseworker's assessment of the situation.

4. The caseworker did not test for client motivation for rehabilitation but worked to encourage the development of that motivation.

5. A supportive casework approach was developed; the question was what to support and what not to support. All the men were fully supported in meeting such basic human needs as housing, food, clothing, and other aspects of health and welfare. Much of the casework counseling was, however, directed toward change, with the emphasis on living differently, which is never easy.

6. The transition from dependence to substantial autonomy and the development of motivation for change can only be achieved through a long series of small, laborious steps. Sometimes it is necessary to retreat so that it will be possible to advance at a later date. Men did not always succeed in a move toward greater autonomy and responsibility; sometimes even a small step was too big for the Skid-Row alcoholic and it was found best to encourage or support a temporary retreat. Later, after smaller intermediate steps are taken, the larger goal became feasible.

7. An equalitarian rather than an authoritarian approach was used; it helped the Skid-Row men develop self-confidence and the caseworker was comfortable in working on a first name basis. It was, therefore, easier for the man to participate actively in the total casework process and, put conversely, it more readily made available to the caseworker the ideas and recommendations of the man.

If labelling helps, then both "intensive casework" and "neighborhood case-finding" may be called "aggressive casework." That is, these procedures may be viewed as the community (through the social agency) reaching out to

persons with alcohol problems and a Skid-Row lifestyle. Neighborhood case-finding is an alternative to the Police lockup, the person charged as a drunken driver in the traffic court or the municipal court, the inmate of the House of Correction confined because he did not honor a court order to support his wife or ex-wife, or referral from a "crisis intervention center" associated with the psychiatric service of a hospital. It means the abandonment of the idea that if people hurt badly enough they will come into the agency's office; the "street" is the arena in which the social service is offered and accepted rather than the agency headquarters or even one of the "satellite store-front centers."

The project was conducted in a low-income mixed Anglo-Puerto Rican neighborhood. The model that was followed was the itinerant salesman, but rather than a commercial product the agent was "selling" social welfare services.⁶ Initially, there were no firm leads except the knowledge that the neighborhood had a high concentration of low-income residents in low-rent rooming houses and furnished one-room apartments. Long association with Skid-Row men by the project staff indicated the appropriateness of the area.

Like any selling, there were "hits" along with misses; the favorable interviews were then used to develop a chain of additional interviews and relationships. However, social welfare services are not concrete products for many people, and they are likely to become apprehensive: "What's he really here for? Is he really a building inspector or a detective or a police 'stake-out' man, or what?" It was hard for the residents of the neighborhood to believe that someone representing that he was from a social welfare agency would come into the neighborhood and begin talking with them "on the street" about alcohol problems and alcohol-related problems directly rather than obliquely.

Rather than simply going door-to-door, initial interviews were made with owners or managers of properties. Efforts were made to try to elicit problems that the owners or managers or their tenants face, advice was offered on how to solve these problems more effectively, and an offer was made to talk with the tenants directly. Some of the landlords and landladies themselves had alcohol problems as well.

One of the most important breakthroughs came after a strictly canvassing interview with an owner; it seems that he was already taking referrals from a State mental hospital which placed patients in the neighborhood and provided on-going assistance and guidance through a local representative. It was an easy transition for him from the specific casework of the hospital to the

alcohol problem casefinding activities of the project. Once this locally well-known landlord accepted the caseworker, there was no further difficulty with introductions and further referrals to other landlords, managers, and tenants. The relationship between the project caseworker and the representatives of the State mental hospital were friendly, and that is possibly still another reason why some doors were opened in the neighborhood. Several former clients now lived in the neighborhood and made introductions which further bolstered the acceptability of the project. When no other leads were available, the residents of the locality were approached directly and efforts were made to strike up a conversation which might ultimately lead to an interview.

Over the three-month period, interviews were conducted with landlords, rooming house operators, tenants, members of several adult on-the-street drinking groups ("bottle gangs"), and some relatively isolated and homeless men. Whenever there was an interview, or even an introduction, an explanation was given of what the project was about, a stamped addressed postcard was handed out, and the Philadelphia Health and Welfare Council's "Where to Turn" booklet was also given out. This booklet has information on agencies that can be of assistance to people with problems such as blindness, alcoholism, tuberculosis, as well as where to turn if one is in need of Public Assistance. A directory of the Alcoholics Anonymous groups in Philadelphia was also left where it seemed appropriate.

While the objective was to reach persons with alcohol problems, the approach in the neighborhood was a broad spectrum one; that is, if some other social welfare problem came out during the interview, and it often did, then appropriate advice was given. In addition, there was casework follow-through to the degree that seemed justified in the light of the limited resources and the major thrust of the project. Referrals to other agencies were made whenever it seemed appropriate and a good deal of direct counseling took place. Had the project continued for a longer period, a substantial caseload would have developed.

Complete or partial interviews were conducted with 62 tenants; of these, some direct social service was provided to at least 44 tenants. Among the services that were facilitated were the following: eligibility for more income through the County Board of Assistance, Social Security retirement benefits, Veteran's benefits, and part-time jobs. Several older home owners were informed about the 1971 Pennsylvania Real Estate Tax Assistance Act which

gives tax relief to elderly low-income people, and were given the necessary application form. Another set of common problems dealt with were consumer-related, such as where to go for lower prices on food, clothing, and prescription drugs. In some cases, it was necessary to provide help in getting legal advice. Money management was arranged for three alcoholics; that is, arrangements were made for a person to turn his check over to someone that he could trust and who, in turn, doled it back to him on a daily or weekly basis. Such a system serves to protect the man from drinking up all his money within several days after he receives his check (or having it all stolen from him) so that he has no money until the next check for food, clothing, or medicine. Money management is analogous to the controls that operate when a workingman turns over his pay to his wife and gets back an allowance. Other types of service were: getting Medical Assistance coverage, clinic service, and hospitalization (especially alcohol detoxification) as well as assistance with post-hospitalization needs; counseling alcoholics to the point where they admitted that they had a drinking problem was a common activity; encouraging tenants to get out of their rooms and into the immediate neighborhood more often and then to relate more to other residents of the area was a major counseling objective. This latter frequently involved getting other people in the neighborhood to understand how important it was to take a friendly encouraging stance with tenants who had a tendency to become withdrawn and isolated.

The original plan of the project emphasized referring people to agencies and other institutions after social welfare needs were identified, and this procedure was generally followed. The main exception was in driving people to hospitals in emergencies. There are other reasons why transportation should be provided if this program were undertaken elsewhere; for example, transportation to the Public Assistance Office of persons who need such help but who would never make it on their own.

There are a variety of direct services that can and should be provided, also. Thus, many people do not know how to perform a number of elementary jobs that are essential to daily living; how to shop for food, clothing and other needs, how to light an oven and cook, how to clean a room and an apartment, to wash clothing, to hang curtains. Neighborhood representatives of the State mental hospital taught many of their former patients how to do these things, and went shopping with them at least several times. But the lack of these skills is a disability that is common to many long-term flop

house and mission residents and to many alcoholic males whose mother's have died or whose wives have evicted them. There are many persons who don't know where to go for needed social services; there are probably more who do know where to go but who don't follow through. It may be because of fear of leaving the neighborhood, not knowing how to get there, having had a bad experience with a particular agency, or fear that they may be refused; it may be due to a physical disability, including brain damage, the confusion of alcoholism or other drug abuse, or emotional disorders.

It takes time to win the confidence of enough people on a particular block or in a neighborhood to see substantial results. During the third month, a cumulative effect began to be evident, particularly where there was a great deal of interaction and communication on the block between members of bottle gangs. For example, members of one bottle gang were contacted separately or in pairs and told that one of their members was living elsewhere and was regularly going to the Diagnostic and Rehabilitation Center for counseling and had, in the meanwhile, accumulated three-months sobriety. Not long afterward, four of the six members of the group went to the Center also. In another group, when one man stopped drinking, he avoided his former bottle-sharing group and spent more time with another man who had been sober for twenty months. Not long afterward, two other men left the group and asked for help with their alcohol problem.

Perhaps the most important ideas that this project suggested were:

1. A great many people do not get or benefit from needed institutional social welfare services; they are unlikely to do so without active counseling at the neighborhood level;

2. An important element in the solution to social problems is likely to be active intervention at the local neighborhood level through both individual and group processes. Solutions to problems, including alcoholism, can and must be found at the neighborhood level; and

3. Any successful, massive assault on the problem of alcoholism (and probably other kinds of chemical addiction) probably will require this approach as an essential ingredient.

It should be emphasized that while we can conceptualize differences between Skid Row-like people and other poor people in our big cities, these differences are not only small when we make a comparison of their characteristics, but neighborhood social work finds it almost impossible to separate them

in practice.⁷ These people all live in the same area and all of them need the social services which are ostensibly available to them but which somehow do not reach many of them effectively. There are interstices in the city in which there are sores, some potential, some incipient, and some festering. These interstices rarely get investigated until the sores break out into a rash and then the police or the morgue are as likely to be involved as the social agencies.

Starting with a plan to find Skid Row-like people with alcohol problems, this project developed into a procedure for finding people who had fallen through the social welfare system of the metropolis rather than simply Skid-Row-like people. Based on this experience, it seems reasonable to propose a more extensive application and exploration of a program of aggressive preventive casework in cities in order to relieve the police and other agencies of some of their social welfare burden. The social workers should have a thorough knowledge of the resources that are available in the metropolis, their task would be to identify potential personal and social problems before they become acute and to assist people in finding ways to rectify their situation. The neighborhood casework agency, being very close to the residents, their problems, and their perceptions of the situation would be a service agency directing people to where they can get help and, at the same time, be engaged in advocacy for them when that seemed indicated. What does a woman do when her husband is drunk and threatens to kill her? It may be that the best that can be done at the moment is to call the police and have him subdued, but it might be that the neighborhood caseworker could step into the situation relatively easily and, being locally known and trusted, offer a less damaging immediate solution as well as a sounder long-run solution.

Addendum

The following examples should make clear the kinds of persons and situations that the intensive neighborhood caseworker met, the kind of problems that people had, and the kinds of assistance that was offered.

Charles - Charles was an ex-Skid-Row area resident living in the neighborhood; he had been thrown out of his rooming house because he drank too much. He then moved across the street to a building whose owner also drank heavily; Charles was to receive some reduction on his rent for helping with repairs on the house. He had an alcohol problem, and also a bad hip, hernia,

duodenal ulcer, and "bad nerves." There was a pending Workman's Compensation case for the hip injury, which had happened two years before. Charles claimed that he had a World War II service disability but that he had gotten no compensation. He had lost the sight of one eye and he needed new eye glasses. While Charles said that he was a machinist, his last employment was distributing circulars and doing spot jobs on contract from an employment agency. At that time, he lived on or near the Skid-Row locality and used the missions.⁸

Nine days after the first interview with Charles, he came unexpectedly to the project office at the Center. Charles had spent the last three nights in a gospel mission. His story was that his landlord-friend had wanted too much money from his Public Assistance check and did not give a fair reduction for the work that Charles had done. Charles had no money left and it was obvious that he had been on a binge, although he wouldn't admit it. When practical steps were proposed to solve his problem, Charles resorted to fantasy; he used to be tied-in with bookmakers, he said, and certain of them were out to get him and were the cause of all his woes; nothing short of going to the District Attorney and the Police Commissioner could solve his problems. . . . Charles was driven home and urged to face reality more directly; he turned up several hours later and said that he was ready to talk realistically. In the meantime, the landlord had been visited and an agreement reached that the landlord would call the project office when the Public Assistance check arrived. Charles agreed to go to the Center for whatever services could be made available there. However, he stopped going just at the point where a complete case record was established and the Center's in-house staff was ready to work with him. The out-of-agency relationship continued, however. Arrangements were made for Charles to rent a room only a half block from where the original contact had been made. (The landlady had a man living with her who was a former hobo; so inured was he to hobo life that he insisted on drinking coffee out of a tin can. He collected and sold junk, but he never gave his landlady-paramour any of the money and they frequently fought over this). Soon after Charles moved into his new room, he began to hang around a used car lot in the vicinity. The owner really needed a watchman and, at the same time that the project ended, he had begun to give Charles money gifts of about \$20 a week (but not a salary), he had not had a drink for three months (not unusual for a spree drinker); he was neatly and cleanly dressed, was a ready conversationalist, and had a good sense of humor. All of this a minor achievement for someone so close to Skid Row.

Maria - Maria was introduced by an old client of the Center who had an alcohol problem. She was in her early twenties, and together with her husband, she managed a rooming house in return for a "rent free" apartment on the first floor. After making this arrangement, she discovered that they were expected to pay \$15.00 a week if all the rooms and apartments were not fully occupied during that week. Maria had some understanding of alcoholism because she had a sister who was attending Alcoholics Anonymous meetings regularly and despite the economic pressure such a policy put on her, Maria tried to screen out drinking alcoholics. Her ad in the paper for a vacant room specified "non-drinker." In addition to the greater turnover in rooms occupied by drinking "Alcoholics," such rooms are frequently left filthy and Maria then had to clean them. She, therefore, began to require a \$12.00 deposit which was not returned if the vacated room was dirty. Only male tenants were accepted, because "female roomers create too many problems."

At the time of the first meeting between Maria and the caseworker, Maria's husband earned only \$95 a week in a paper mill and she was expecting a baby in less than three months. They owed large unpaid medical bills to the local hospital already and another \$95 would be needed under the hospital's Maternity and Infant Care Program. She asked about sources of free clothes, a crib, and a chest of drawers for the baby and was referred to the Society of St. Vincent de Paul where she got the clothes and the chest of drawers free and was able to buy an inexpensive crib. She was also given a Property Tax Assistance claim form for her 78 year old grandmother; it appeared that the grandmother might get a rebate as high as \$180 on her 1971 taxes in view of the fact that an unemployed son "with problems" was living with her.

Three weeks after the baby was born, Maria's husband's paycheck "bounced;" she was sure that his company was bankrupt, and she believed that she must get on Public Assistance immediately. As it turned out, the check was covered the next day and her husband still had his job, but bills had piled up and Maria wanted to go back to work. Her husband would not agree to this, however, because he had heard so many tales of irresponsible baby-sitters, including one case of a baby crawling into an oven and being roasted to death. It was possible to offer some advice on the matter, realizing that personal insecurity as a function of economic insecurity is endemic to the neighborhood.

The case illustrates the kind of non-alcohol related case that intensive neighborhood casework may turn up; cases of people who do not come to the

attention of agencies and who do not know where to turn for help. The intensive caseworker, despite the fact that he was actually trying to reach "pre-Skid Row" residents of the locality, was the one to whom Maria turned in her crisis because he had made himself known and made known his professional expertise in a non-bureaucratic and friendly fashion.

The Group ² The size of this bottle-gang varied, sometimes it was as high as eight, but there were four male and several female regulars. The caseworker frequently sat with them depending on how much action there was or new information at hand. They all knew his role; he did not lecture nor moralize, but informally asked questions and dealt with problems and requests for help as they arose.

The Group could function as easily as it did largely because it was off the main street and the police ignored it. Thus, there were as many as a dozen open quarts of beer on doorsteps at a time; finally one member supplied plastic trash bags so that the bottles could be put in them rather than simply rolled down the curb into the gutter and then into the storm sewer. Sometimes wine bottles replaced beer, but the men were never seen drinking wine when they were together and they expressed fear of becoming "winos." The nearest State Liquor Store is a long walk and the men were so afraid of being mugged that when they wanted wine, three of them would make the trip together. Every trip was an expedition and each successful return without injury was a cause for minor celebration. One of the most important characteristics that distinguished the members of The Group from many other single persons on the block was they were not "loners." While most days were very much alike, they mustered their resources periodically for something special, not drastically different, but enough so that every day wasn't the same.

An example of the patient waiting game that was played with members of The Group and also of the fact that their public behavior was somewhat different from their private behavior was the case of John and Tom. The two men played a game which for lack of a name can be called "Help that Alcoholic!" Frequently Tom would point at John and say, "Talk to the man about going to your place." (the DRC/P) Defensively, John would point back, "No, there's your man." John was tight-lipped, and for a month little was learned from him; then one day early in June, John said, "Can you get me into Saul Clinic?" (a five-day detoxification facility) "I'm sick. I can't eat and I can't drink." Arrangements were made for a bed and John said that he would be ready as soon

as he took a bath. Then he asked one of the other members of The Group to take care of his dog and was driven to Saul Clinic. John was visited once during his five day stay and he told a great deal about himself. John is a short and stocky man with a full ruddy face and a broad, smashed-in nose. He is 53 years old and never married. For 24 years he was a tractor-trailer driver. Due to heavy drinking, he landed in a Skid Row hotel. A year later he went to the DRC/P, got on Public Assistance and moved away from Skid Row. He had distributed circulars under an assumed name in order to get extra money beyond what is provided by Public Assistance. In early 1972 he went on a binge and rented his present one-room apartment. Every few days he got some wine and got very drunk. Now he was fed-up just sitting around and drinking all day, he said. John made several resolutions about going back to circular distribution, and moving to another place, which he did not keep. However, he did stay sober for a month before the project ended; he drank birch beer in the local bar, stopped sitting on the dooorsteps with The Group, got a TV set, and spent more time in his apartment, which he kept spotless. Tom frequently joined him there.

No one is overly optimistic about John's immediate change in behavior or his ultimate change in circumstances. The case is presented as an example of how patient work by the intensive caseworker at the neighborhood level began to pay off in confidence and the ability to help. This is particularly important as an example because the man had been to the DRC/P and had been on its caseload and then had "disappeared" into the larger community. Quite unaware of this, the project had reached out to offer service and again to assist him toward "rehabilitation."

¹Leonard Blumberg, Thomas E. Shipley, Jr., and Joseph O. Moor, "The Skid Row Man and the Skid Row Status Community." Quarterly Journal of Studies on Alcohol 32:909-41 (Dec., 1971).

²James P. Spradley, You Owe Yourself a Drunk (Boston: Little, Brown, 1970), Chs. 5, 6, 7.

³Leonard Blumberg, Thomas E. Shipley, Jr., and Irving W. Shandler, Skid Row and Its Alternatives (Phila.: Temple University, 1973), pp. 134, 187, 224.

⁴This project was undertaken under grant MH 15081, NIMH, "A Study of the Prevention of Skid Row;" appreciation is expressed; responsibility rests with the authors. Appreciation is also expressed to Irving W. Shandler, President, Diagnostic and Rehabilitation Center/Philadelphia.

⁵William Hood, "The Intensive Counselor: A More Detailed Analysis," Ch. 12 in Blumberg, L., et al, Skid Row and Its Alternatives.

⁶We wish to acknowledge the assistance of James Cassidy in the planning of the project.

⁷Howard M. Bahr, Skid Row: An Introduction to Disaffiliation (N.Y.: Oxford, 1973), pp. 33-35.

⁸L. Blumberg, et al, Skid Row and Its Alternatives, Ch. 6, "Employment: The Visible Means of Subsistence."

skid row:

recommendations to citizens advisory
committee on the central business district
plan for the city of los angeles

part 2

social programs

hospitality kitchen / 821 east 6th st. / los angeles, ca. 90013

It seems obvious to all concerned that the Central City Redevelopment plan is seriously jeopardized by the presence of Skid Row. Unless some guarantee can be offered to potential investors that the "blight" of Skid Row will not "contaminate" the redeveloped areas, it may be very difficult to proceed with the plan. The Community Redevelopment Agency is tacitly committed to "solving the medical and social problems of Skid Row" before proceeding with redevelopment. (Central City Redevelopment Plan) But as yet the agency has offered no detailed program for the solution of these problems.

What follows is not by any means a detailed plan, but a series of suggestions based largely upon research done by Dr. Leonard Blumberg of Temple University. It is also based on many years of personal experience working of Skid Row in Los Angeles and several systematic research projects done in the neighborhood.

We feel it is irresponsible and foolish to think of removing Skid Row within the next 20-30 years, but conditions of the area could be ameliorated somewhat to make it at least fit for human habitation. It is not our desire to turn Skid Row into the garden spot of Los Angeles. We do, however, feel that certain humane steps must be taken for the good of the Skid Row people and for the good of the community at large.

Our plan is to reduce, contain and eventually eliminate Skid Row through the systematic application of a plan outlined by Dr. Leonard Blumberg.

"The popular conception of a Skid Row seems to have been that it is primarily a labor pool of readily available and migratory unskilled man power and a community of chronic alcoholics. Closer scrutiny shows that among the Skid Row population there are also extra-ordinary large proportions of 1) physically disabled men living on public assistance, 2) elderly men living on public assistance or small pensions, 3) destitute men without work and without funds, 4) bums and mission stiffes - men physically capable of working but who prefer to live off the missions." (D. Bogue, Skid Row in American Cities) Add to this a significant population of recent arrivals from Mexico, many with families, quite a number of men who are either mentally handicapped or only marginally intelligent and you have an extremely diverse population whose main prob-

lem is not alcohol, but poverty.

Dr. Blumberg's plan for drying up the sources of Skid Row coupled with the Community Design Center's plan for shrinking the size and influence of Skid Row through a centralization of existing services and concentration of amenities now available only in other parts of the city and the construction of "land use buffers" offers a reasonable assurance that the problem of Skid Row can be impacted. The basic outline for the ten step program suggested here is taken from Dr. Blumberg's book, Skid Row and Its Alternatives.

1. Comprehensive Service Center

The Comprehensive Service Center is conceived as a center that serves exclusively skid row and skid row-like people, providing health care in the broadest sense of the word. Among the important services that should be included are: a twenty-four hour free medical clinic, psychological and vocational counseling, alcoholic detox, treatment and referral, welfare advocate counseling, employment referral, emergency housing, organizing and supervising of the various housing facilities. It is to be understood from this that the center is designed to serve all skid row people, not just alcoholics. The problem of skid row is more than just alcoholism, that is why the Comprehensive Service Center must be truly comprehensive if it is to be effective.

The Comprehensive Service Center could be a single facility located under one roof operated by a county welfare agency. But it would seem more logical to organize a consortium of existing public and private agencies. Many of these services already exist in a nascent form. It would be a relatively easy matter for a single coordinating agency to obtain federal and county moneies to strengthen these services. Such an agency could act as a referral service and prevent duplication among member agencies.

The scenario for a Comprehensive Service Center might go something like this: Perhaps the coordinating agency could encourage several of the missions, with the enticement of public moneies, to locate some of their services under one roof. One mission might operate transient housing services, another might operate a clinic, Public Inebriate Program could run the detox and alcoholic referral program as they do now. It is possible that the Department of Human Resources Development could be located on the premises with an office designed to serve exclusively skid row people. If such an operation could be organized it would provide most of the services needed under one roof and the rest could be handled on a referral basis by the organizing agency.

2. Detox

"The availability of detoxification facilities is, of course, not a solution to the skid row problem, but should be seen as a

public health measure. The detox facility offers a positive situation from which a man may proceed to other types of treatment for his alcohol problem." (Leonard Blumberg)

As per the recommendations in 647ff California State Penal Codes, we strongly urge the county to recognize its responsibility in the establishment of detox facilities. The establishment of detox facilities seems particularly important in light of the Sundance Case here in Los Angeles which, if decided in favor of the plaintiff, would in effect de-criminalize drunkenness and force us to deal creatively with the skid row alcoholic.

Dr. Blumberg recommends that a city the size of Philadelphia should have 75-100 beds available for detox. Considering relatively the larger population of Los Angeles we would recommend a facility with at least 200-300 beds.

We recommend that the proposal of detox facilities by the Public Inebriate Program be made operational immediately. The need for detox cannot be over emphasized. When public drunkenness is decriminalized we will face a serious problem if we have no alternative to incarceration. If we begin now with the P.I.P. plan we can avoid the dangers of leaving inebriated men lying on the streets of Los Angeles, potential victims to an unscrupulous criminal element.

3. Protective Approach

The detox facility should be seen as only a first step in the direction of a protective approach rather than a suppressive approach by law enforcement agencies on skid row. "Alcoholism is not a sin, homelessness is not a crime." (Leonard Blumberg)

We see the de-criminalization of public drunkenness as inevitable. The establishment of adequate detox facilities and alternative civilian pick-up programs to replace the current criminal arrest procedures are essential. Two models are recommended as possibilities, the Manhattan Bowery Project and the Oakland "Boozer Cruiser."

The civilian pick-up project could be operated by public agencies but it would seem advisable to encourage such existing programs as the one operated by the Public Inebriate Program where-in recovered alcoholics aid in the pick-up process as part of their active participation in a rehabilitation program.

It is further recommended that the enforcement of vagrancy laws be discouraged as a means of circumventing the implications of the de-criminalization of drunkenness.

Anyone who has visited Division 81 of the Los Angeles Municipal Courts realizes what a travesty has been made of justice. Not one man in 300 is foolish enough to plead not guilty to the charge of drunk in public or vagrancy because he knows that he will wait 30 days in jail for his trial. If he pleads guilty he can be released almost immediately with time served.

James Spradley in his book, You Owe Yourself a Drunk, states that police practices actually tend to create alcoholic problems by reinforcing a stereotypical self image of a common drunk.

Dr. Blumberg and Dr. Donald Bogue (Skid Row in American Cities, University of Chicago) report that some unscrupulous police officers take advantage of the vulnerable position of the skid row man by employing unnecessary force in arrest situations and occasionally relieving him of his cash before booking.

The above situation, while not endemic to the Los Angeles Police Department, is reported often enough to be a matter of some concern. Much of the problem could be ameliorated by a change in policy. It is not expected that members of the L.A.P.D. will suddenly transform themselves into social workers overnight. However, a change in policy towards a protective approach at the high levels cannot help but affect a change in attitude of the patrolling officers.

We recommend a strong liaison and policy of mutual cooperation between the Los Angeles Police Department and the Comprehensive Service Center. If anything beneficial is to be accomplished on Skid Row, the full cooperation of the Los Angeles Police Department

is essential in an integrated program of "protection and service" to the Skid Row person.

4. Employment

Whereas one of the greatest exploitations of the Skid Row resident takes place in the area of employment, we recommend the following possible steps.

- A. Encourage the State Department of Human Resources Development to provide a casual or spot labor department that would serve primarily the Skid Row man and thereby provide some alternative to the commercial labor agencies. The Midnight Mission already provides such a service. Such programs should be strengthened and encouraged.
- B. The creation of a job co-op as in Winnépeg, Manitoba. The men themselves own and operate the agency cooperatively and are paid a decent wage for a day's work. Excess profits go towards the establishment of facilities that would benefit the Skid Row men.
- C. Encourage A.F. of L. to organize a union for day laborers.
- D. Encourage the District Attorney, in conjunction with the Better Business Bureau, to maintain close supervision of existing day labor agencies. The day labor agencies have earned the title of "slave markets" because of their exploitive practices. Often workers are not paid even minimum wage, sometimes the only place that will cash their checks is the bar next to the agencies.
- E. Vigorously support the unionization of farm labor. A decent wage and adequate union benefits would tend to raise the standard of living of agricultural workers and eliminate much of the Skid Row population that depends upon farm labor as a means of livelihood.
- F. We recommend the encouragement of sheltered workshops similar to those operated by Goodwill Industries, wherein those who are capable of working but unable to compete on the open job market might find meaningful employment. It could be the function of the Comprehensive Service Center to encourage the development of these workshops.

5. Income Supplement

Marginal workers should be granted a supplemental income from public funds to make it possible for them to maintain a decent standard of living. We are not asking that the county

simply dole out more money. More money will not solve the problems of the Skid Row man, in fact it could easily lead to more problems. A 1969 study by the New York Department of Mental Hygiene and Columbia University Department of Psychiatry found that fully 66% of the men on Skid Row had serious mental problems. Men who fall into this large category cannot adequately manage their own affairs. Hence, financial assistance should be part of an integrated program providing decent, safe and sanitary housing.

6. Housing

"Decent, safe and sanitary housing should be developed as a first step in the rehabilitation of skid row men and the prevention of the Skid Row condition." (Dr. Leonard Blumberg, Alternatives to Skid Row) If we are being realistic about the possibilities of rehabilitating skid row men, then we must come to accept that for a very significant portion of the Skid Row population simply removing them from the streets and placing them in decent, safe and sanitary housing should be the optimum of our expectations. Many of these men are simply incapable of managing their own affairs either because they are mentally or physically ill or because they are old or because they have an alcoholic problem. The essence of our proposal, then, is that a protected environment must be provided for those who are incapable of caring for themselves.

We believe that the private sector cannot provide suitable housing at a price the skid row man can afford. It is obvious that housing must be subsidized. We call your attention to the plan submitted by the Los Angeles Community Design Center for suggestions on how to best implement a housing plan.

As we have previously stated, it will be one of the primary functions of the Comprehensive Service Center to organize and supervise the various types of housing facilities. We recommend four major types of housing:

A. Domiciliary

As previously stated, many of the residents of Skid Row are mentally and physically handicapped. Some should actually be institutionalized, but most could function rather well in a structured environment. We see these men every day aimlessly wandering the streets from Pershing Square to Skid Row, from Skid Row to Westlake and back

again. We catch a glimpse of them from our cars, we almost bump into them on Seventh and Broadway, their life's possessions bulging out of a worn shopping bag or wrapped in a tattered piece of newspaper. What does he do? Where does he go at night? How does he eat? In short, how does he survive in such a hostile environment? And the answer is, not very well. It is for these men who really cannot care for themselves that we must provide a domiciliary.

This facility should be as home-like as possible, providing meals, rooms, recreation and health care. Dr. Blumberg suggests that nursing care may be called for and that perhaps a visiting physician once a week would be necessary. In the area of recreation he makes the radical suggestion that a beer bar be installed in an effort to encourage drinking at "home" rather than on the streets. Such a procedure would also aid in the monitoring and, hopefully, limiting of alcoholic intake.

Many of the men mentioned above are eligible for SSI, ATD, or other welfare programs. A large portion of the proposed housing plan could be financed through these pre-existing programs. That is, the residents could actually pay "rent", assuming, of course, the Comprehensive Service Center were to provide extensive welfare counselling, actively seeking out those persons eligible but incapable of applying for their rightful benefits.

We concur with Dr. Blumberg when he suggests that these facilities be located outside of the Skid Row area. We would, however, agree that with the large Skid Row population that exists here in Los Angeles, it is not feasible or even desirable to locate all facilities in other neighborhoods. This would continue to be the ideal, of course, both for the men who would no longer be subjected to the hostile environment, and for those in the Central Business District who wish to shrink the size of Skid Row.

It would be unfair to close this section without mentioning housing for women. There is absolutely no housing available for homeless women in the entire city of Los Angeles. As far as most social service agencies are concerned homeless women do not exist. But experience tells us a different story. There is a desperate need for housing for women in this city.

Many homeless women fall into the same category as the men previously described. They wander aimlessly through the city and its environs, carrying all of their possessions in an old shopping

bag. They are the "shopping bag ladies", or "the street ladies", the "bottle whores". They are not as numerous as their male counterpart, but their needs are equally as urgent.

B. Supervised Boarding Houses

Many people on Skid Row are what we might call dependent people. They are not incapable of caring for themselves, but they are not fully able to manage their own affairs.

For these people we recommend a supervised boarding home, a less structured environment than the domiciliary, but nevertheless a place that would provide a clean, safe room, simple nutritious food, recreation and some medical care, perhaps a visiting nurse.

One of the major problems with existing housing arrangements is that of money management. Men with monthly pension checks and welfare checks are often the victims of unscrupulous landlords who loan money at usurious rates, pad the credit accounts, and refuse to give receipts. These men have complete control over their tenants' financial lives because checks are delivered directly to the landlord. These abuses could be abated with some kind of money management system. One suggestion is a para-banking operation that could be run by the Comprehensive Service Center. Another possibility is that such service could be offered by an established bank. We have approached a bank here in Los Angeles and have been given reason to believe that they might be willing to operate an alternative banking system for the Skid Row Community.

C. Rooming Houses

We see the need to develop rooming houses for the skid row man who is aculturated to the environment and cannot be induced to live in a more structured environment. Again, this housing should be decent, safe and sanitary.

D. Transient Housing

Dr. Blumberg feels that there is a need for transient housing as an alternative to missions, flophouses, and "sleeping in the weeds". "For some time to come, there will be a need for housing for men who are presently living in their home neighborhoods but who have recently adopted a Skid Row style of life...We believe that the sooner contact is made the greater is the likelihood that men will accept other alternatives to the Skid Row style of life."

E. Housing for the Elderly

Over thirty percent of the people who live on Skid Row are elderly. A large number of these men are there simply because they are poor and unable to live elsewhere. They have none of the other problems commonly associated with a Skid Row lifestyle. It would be a relatively easy matter to relocate such people in other neighborhoods or in the housing units that the C.R.A. is already committed to create for the elderly in the Central City.

7. Free Clinic

It is difficult to underestimate the need for quality, free medical care. Skid Row is an unhealthy place to live. Hepatitis and tuberculosis are rampant, so are venereal disease, infections associated with unattended wounds and, of course, the ever present disease of alcoholism. It must be emphasized, however, that this clinic is conceived to serve all of the people of Skid Row, not just the alcoholic population.

The clinic should be open 24 hours a day, 7 days a week, on a walk-in basis. We have already suggested that it might be located on the same premises as the Comprehensive Service Center. In any case, wherever it is located it must be easily available. It may be necessary at first to operate an extensive out-reach program until the clinic is an accepted neighborhood institution and credibility is established.

There are two small clinics now operating on Skid Row. Perhaps with some encouragement and support from the County, these two clinics could pool their limited resources and begin to more efficiently provide comprehensive health services to the Skid Row Community. However, we view this as a stop-gap measure. The health of the whole community is the responsibility of the L.A. County Health Department. When one member of the community suffers, the whole community suffers. We look forward to the time when the Health Department is able to fulfill its responsibility by opening a free medical clinic on Skid Row.

8. Supervision of the Commercial Blood Banking System

Until such time as the people of this country recognize the need for an all-volunteer system, we will continue to be dependent

upon commercial blood banks with all of the evils of hepatitis and economic exploitation they entail. Richard Titmus, in his book, The Gift Relationship, quotes statistics showing fifty to three hundred percent more chance of contamination in commercial blood than there is in volunteer blood.

It is well within the jurisdiction of the County Health Department to regulate and supervise commercial banks as a large portion of blood used in county hospitals originates on Skid Row. County officials will maintain that regulation of blood and plasma banks is a function of the state, but it is obvious to us that that function is administered ineffectually, if at all.

There is but one man in the entire state of California to inspect more than fifty blood banks. This man is a former employee of Abbott Laboratories which operate a chain of commercial plasma banks on Skid Row throughout the country. By his own admission he has a "good working relationship with the blood banks." He told us that he always calls the bank before he goes to inspect. During our 1973 boycott of the Skid Row blood banks we documented over thirty cases of negligence on the part of the banks that resulted in personal injury. These affidavits were still sitting on his desk two months later when we visited him in his Berkeley office. We feel that blood banks merit inspection with at least the same regularity and scrutiny as a restaurant. Certainly the consequence of negligence in a blood bank is much more grave than in a restaurant.

9. Intensive Casework

Dr. Blumberg has found that a system of intensive case work conducted over a period of years has produced the best results with Skid Row men. For the Alcoholic this program would compliment a long term hospitalization. For the non-alcoholic this approach will be needed to carry him through until his new life circumstances have been established.

10. Abandonment of Skid Row Lifestyle

"Public agencies and concerned private agencies should adopt the position that they will seek to create conditions which will encourage the abandonment of the skid row life style as well as the elimination of Skid Row localities." (L. Blumberg, Alternatives to

Skid Row) We maintain along with Dr. Blumberg that Skid Row is an unhealthy place both for those who live there and for the community at large and it is the responsibility of the community to replace Skid Row with suitable alternatives. We refer the reader to Dr. Blumberg's accompanying report for a deeper understanding of what is involved in the process of rehabilitating Skid Row.

"It should be clear by now that we do not see rehabilitation in simplistic terms, such as getting a man to stop drinking, or living a normal family life, or getting a job. Rather we see rehabilitation as a process of moving away from a skid row style of life and toward one that is qualitatively better." (L. Blumberg, Alternatives to Skid Row)

Skid Row is not going to go away by praying over it or wishing it away, or even by physically destroying it. There must be a comprehensive program for dealing with all of the ills of Skid Row. There must be firm commitments on the part of city, county and C.R.A.. There must be cooperation between the police and welfare and private social service agencies. It will cost millions of dollars and years of effort, but it can be done, it must be done, for the good of Skid Row people, for the good of Los Angeles, for the good of the Central Business District. The existence of a place like Skid Row is deleterious to the entire community, morally, physically and financially.

skid row:

recommendations to citizens advisory
committee on the central business district
plan for the city of los angeles

part 3

alcoholism treatment

public inebriate program / 235 winston st. / los angeles, ca.

PUBLIC INEBRIATE PROGRAM

235 WINSTON STREET, LOS ANGELES, CALIFORNIA 90013, (213) 626-1432

In Affiliation With

Mary Lind Foundation — Salvation Army — St. Vincent Center — Volunteers of America

May 10, 1976

MEMORANDUM

TO: Alcoholism Programs, Central Health Services Region

FROM: Public Inebriate Program of Los Angeles, Inc.

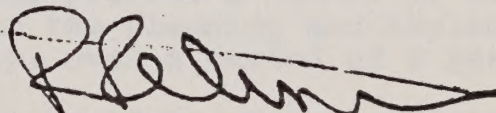
We have reached a point in time where it is appropriate for the community to develop a specific plan for the delivery of services to the public inebriate within the Central Region.

The plan that will be formulated by alcoholism programs and the coalitions should be presented to the Board of Supervisors soon. The Sundance Case may go to trial toward the end of May. The attached rough draft represents a way of implementing the basic recommendations made thus far by the alcoholism community, Los Angeles County Health Service system and law enforcement agencies through the Task Force on the public inebriate organized by OAAA (Office of Alcoholism and Alcohol Abuse).

This draft illustrates a three-phase plan for a gradual implementation of a public inebriate service system in the Central Health Service Region over a period of two years. The plan is intended to provide an opportunity for existing alcoholism programs to expand through separate county contracts and participate cooperatively in a continuum of services.

We may be participating in the planning of the most significant social change in this decade. We are looking forward to the forthcoming discussions related to the plan.

Cordially,



Ron Peterson, Ph.D
Director

RP:sk
Enclosure

I. SUMMARY

A. BACKGROUND. In July of 1975 an Interagency Task Force was organized by the Office of Alcohol Abuse and Alcoholism, Los Angeles County Health Services Department, to study the economic and procedural problems of implementing a county-wide P.C. 647 (ff) Program to provide alternatives to jail for public inebriate arrestees.

As the result of extensive committee work, research and community participation, the Task Force has published periodic progress reports on a plan and recommendations for a medical/social treatment program for public inebriates.

This proposal, embodies the recommendations of the Task Force, community alcoholism programs, and the priorities set forth in the Central Health Services Regional Alcohol Abuse Plan for Services.

The staffing patterns and costs reflected in Table XV are consistent with the recommendations of OAAA and the Standards for the Acutely Intoxicated, proposed by the State of California, Office of Alcohol Program Management. Procedures suggested herein are consistent with those included in Senate Bill 329 and the amended sections of Section 19900 of the Welfare and Institutions Code.

B. ASSUMPTIONS.

1. Public drunkenness will be decriminalized without effecting the criminality of other supplemental behavior such as assault, robbery, burglary, rape, etc. This plan, however, is designed to be implemented prior to the formal decriminilization of public drunkenness.

2. Law enforcement agencies in the Central Region will support and cooperate with civilian pick-up and delivery of the public inebriate to the proposed detoxification and reception centers.

3. The new system may exercise the option of placing an inebriate in civil protective custody for a period not to exceed 72 hours in order to provide the individual and attending staff sufficient time for coherent communication regarding an appropriate referral.

C. PROPOSAL OUTLINE.

Through the community planning process a number of alcoholism service agencies will participate in the planning and implementation of the following services, gradually, over a period of 2 years.

1. A 24-hour triage unit would be established near Los Angeles County, U.S.C. Medical Center to diagnose, evaluate and refer public inebriates to appropriate services.

2. The triage unit would be located within or adjacent to a modified social model detoxification center providing up to seven days of treatment and discharge planning. This unit would receive inebriates picked up in the Central Health Region by civilian and police agencies as well as patients identified as alcoholic by county and city ambulance attendants.

The triage unit would provide a point of emergency intake for walk-in patients previously recieved at the Emergency Medical Service LAC-USC Medical Center. It is expected that a substantial number of patients can be diverted to less costly detoxification services.

3. A civilian pick-up program fashioned after the Manhattan Bowery Project will be implemented whereby trained paraprofessional counselors will seek out public inebriates on the street who require or request help. Radio contact will be maintained with police and ambulance units. The private operated van will deliver clients to either Sobering Stations or Social Detox Units.

4. A number of detoxification centers would be established within the Central Region, fashioned after the Guerrero Street Program in San Francisco. VOA-DRC would continue to provide walk-in detoxification and residential recovery services on skid row and would accept referrals in numbers determined by bed availability.

5. For those 77% who are continual repeaters, sobering stations will be established to accommodate the inebriate who does not want to enter the treatment program.

6. A number of existing, expanded and new residential services would be established to provide a continuum of recovery after detoxification. The continuum would provide interconnecting links between individual agencies in the Central Region. These links would include transportation, residence, recovery planning, employment preparation, vocational training, outpatient/aftercare and follow-up services. The Recovery Home Association would be an appropriate communication link for county-wide recovery services.

7. A client tracking and program evaluation system will be interfaced with a computerized data collection system now operational between the Public Inebriate Program of Los Angeles and the Data Bank of the National Institute of Alcoholism and Alcohol Abuse, Department of Health, Education and Welfare. This system will provide evaluation feedback to the Los Angeles County Health Services Department regarding the effectiveness of Public Inebriate Programs compared to twenty-six other public inebriate pilot programs nationwide related to a number of relevant criteria.

THREE PHASE PLAN

PHASE I

July 1, 1976 - December 30, 1976

The implementation of a 60-bed Triage Reception and Social Detox Center near L.A.C.-U.S.C. Medical Center (Big General Hospital) could be the first step in the development of the service continuum. Existing community programs in the West Central, Central and East Los Angeles areas who will be future providers of detox services in their communities, will assign key staff members to the Triage Center for training.

The three sources of clients for the center would be:

1. Public inebriate police pick-ups.
2. Pick-ups of public inebriates by a pilot civilian pick-up unit. Civilian pick-up would transport individuals on a volunteer basis to either VOA-DRC or the triage reception center.
3. Diversions of inappropriate alcoholic admissions at L.A.C.-U.S.C. Medical Center.

At the end of Phase I, it is expected that existing residential beds and outpatient slots would be filled and a need for continuing care and new 1st phase residential beds will be evident.

PHASE II

January 1, 1977 - June 30, 1977

The next phase would include the establishment of:

1. 20 detox beds in the West Central Area.
2. 10-bed detox program for women.
3. Three 32-bed continuing care programs (one in each coalition area).
4. 40-bed detox program in Alvarado Area (Skid Row West).
5. 20-bed detox program for the Native American.
6. 50 primary residential beds on a ranch outside the Central Health Region.
7. Civilian pick-up system, Alvarado Area and West Central Area.
8. 20 1st phase residential beds in East Los Angeles.

At the end of Phase II, the experience gained by monitoring client flow through existing central skid row agencies will enable us to make wiser decisions related to the completion of the Central Region system in Phase III.

PHASE III
July 1, 1977 - June 30, 1978

1. 40 sobering station beds in Central Skid Row.
2. Civilian pick-up downtown skid row.
3. 20 detox beds South Central area.
4. 64 continuing care beds (men), 20 continuing care beds (women).
5. 70 primary residential beds Central Health Region.
6. 100 primary residential beds on ranch outside Central Health Region.

Upon the implementation of Phase III, we will have the experience and hard data to use in determining whether or not additional services are required.

III. PROBLEM.

The problem has been well documented by reports developed by the Office of Alcohol Abuse and Alcoholism, Municipal Court Planning and Research; and through individual agency reports presented at a hearing conducted by Supervisor Edmund Edleman on March 10, 1976.

These documents, along with public statements by law enforcement, legal, medical and social elements of the service system make explicit the human and dollar costs of our present ways of dealing with the public inebriate.

This particular proposal deals primarily with the Central Health Region where approximately 50% of the public inebriate arrests occur.

The following section describes more specific problems related to each segment of the current delivery system and offers a brief statement describing proposed solutions.

A. POLICE PICK-UP. It is of common opinion among alcoholism service providers that police involvement in an introduction to alcoholism treatment is less effective than citizen intervention and community treatment. The NIAAA pilot project in San Francisco has found that individuals delivered to the center in a paddy wagon or patrol car are usually angry and less likely to be open to entering a program. Police support and cooperation with a community operated, civilian pick-up system, utilizing nonpolice vehicle is a more appropriate and less costly alternative.

Alcoholism projects in San Francisco and New York have demonstrated the advantages of civilian pick-up of public inebriates in cooperation with police units. M.A.P. (Mobile Assistance Patrol) operates on San Francisco streets in constant radio contact with police and ambulance units. Trained paraprofessionals, some of whom are recovering alcoholics and former skid row residents, respond to radio call in a private 9-passenger van. The individual is approached and asked if he would like help. The Manhattan Bowery Project, a similar civilian pick-up system, reported that 85% of men and women approached willingly enter the van. Should immediate medical attention be required, an ambulance is summoned by radio.

The civilian system proposed herein calls for a region-wide public inebriate pick-up service in radio contact with a reception and referral center. This center would maintain an up-to-the-hour computation of bed space availability within the region and radio consultation in reference to appropriate client referral and delivery points.

B. L.A.C.-U.S.C. MEDICAL CENTER. The Department of Emergency Medicine at the L.A.C.-U.S.C. Medical Center examines more alcoholics than any other facility in the County at the present time. An average of 652 persons a day are seen in the Emergency Department of the General Hospital seeking admission. Of this number, 5% are alcoholic.¹ This percentage, however, is restricted to the primary diagnosis. Patients wait for service on the average of 2½ hours. On Saturdays and Sundays, the waiting period is even greater, sometimes as long as eight to ten hours. The Emergency Medicine Department has not been able to single out the alcoholic for special attention as is suggested in this proposal, because of the vast number of persons seeking help for all kinds of medical problems. The proposed plan would make it possible for the alcoholic to find the most appropriate service for his particular situation whether it be in or out of the hospital. This is particularly true for the public inebriate who has required repeated periods of hospitalization for detoxification due to inadequate residential placement or lack of follow-up after discharge.

Public inebriates who, out of personal necessity, use the Medical Center for a two-day flop cost the County \$282 per patient day to maintain. If the Triage Unit is able to divert just 16 clients per day to social detox programs, this intervention alone will save the County \$1,646,880 per year.

This document proposes the establishment of a 24-Hour Triage Unit, Alcoholism Center, located near L.A.C.-U.S.C Medical Center to diagnose, evaluate and refer individuals to appropriate services.

C. DETOXIFICATION. Hospitalization and attending medical care during withdrawal from alcohol addiction at a cost of \$282 per patient day is a problem which forces the limitation of detoxification services to the broader community.

The National Institute of Alcohol Abuse and Alcoholism has sponsored several pilot projects in Social Model Detoxification at a \$25-\$30 per day cost. The Guerrero Street Program in San Francisco has demonstrated that withdrawal can be achieved with a relatively low degree of discomfort through the creation of a relaxed, home-like, low anxiety environment. Non-degreed professionals trained to recognize potential medical emergencies provide an individualized program with a minimum of structure and a maximum of ongoing treatment referral results.

This widely accepted model has yet to be implemented and demonstrated in Southern California.

¹Research and Evaluation Division, Central Health Services Region. 1973/1974

~~READMISSION~~ ~~READMISSION~~

D. RECIDIVISM. Recidivism is a problem faced by public inebriate programs that is visible to the community, discouraging to the providers of services, and it provides a focus for criticism of the effectiveness of existing programs.

In a survey of 200 patients admitted to the New York City Bowery Project in June of 1974, 10% had been admitted 22 or more times, and nearly 30%, 12 or more times.²

Table V describes alcoholic ~~recidivism~~ ^{Recidivism} rates at L.A.C.-U.S.C. Medical Center from 51% to 73%.

TABLE V

~~READMISSION~~

Recidivism Rates of Patients Admitted To
Ward 6200/6300 L.A.C.-U.S.C. Medical Center

Survey of 100 Patient Files Oct. 16-30, 1974

1st Time for Detox-----27%

~~Returnees (Recidivists)~~-----73%

~~READMISSIONS~~

Interviews (Self-Report) with 43 Patients
January 3, 1975

1st Time for Detox-----49%

~~Returnees (Recidivists)~~-----51%

~~READMISSIONS~~

~~READMISSION~~

Recidivism Rates for Med-Ocho Ward

Interviews & Survey of 60 Patient Files

1st Time for Detox-----28%

~~Returnees (Recidivists)~~-----72%

~~READMISSION~~

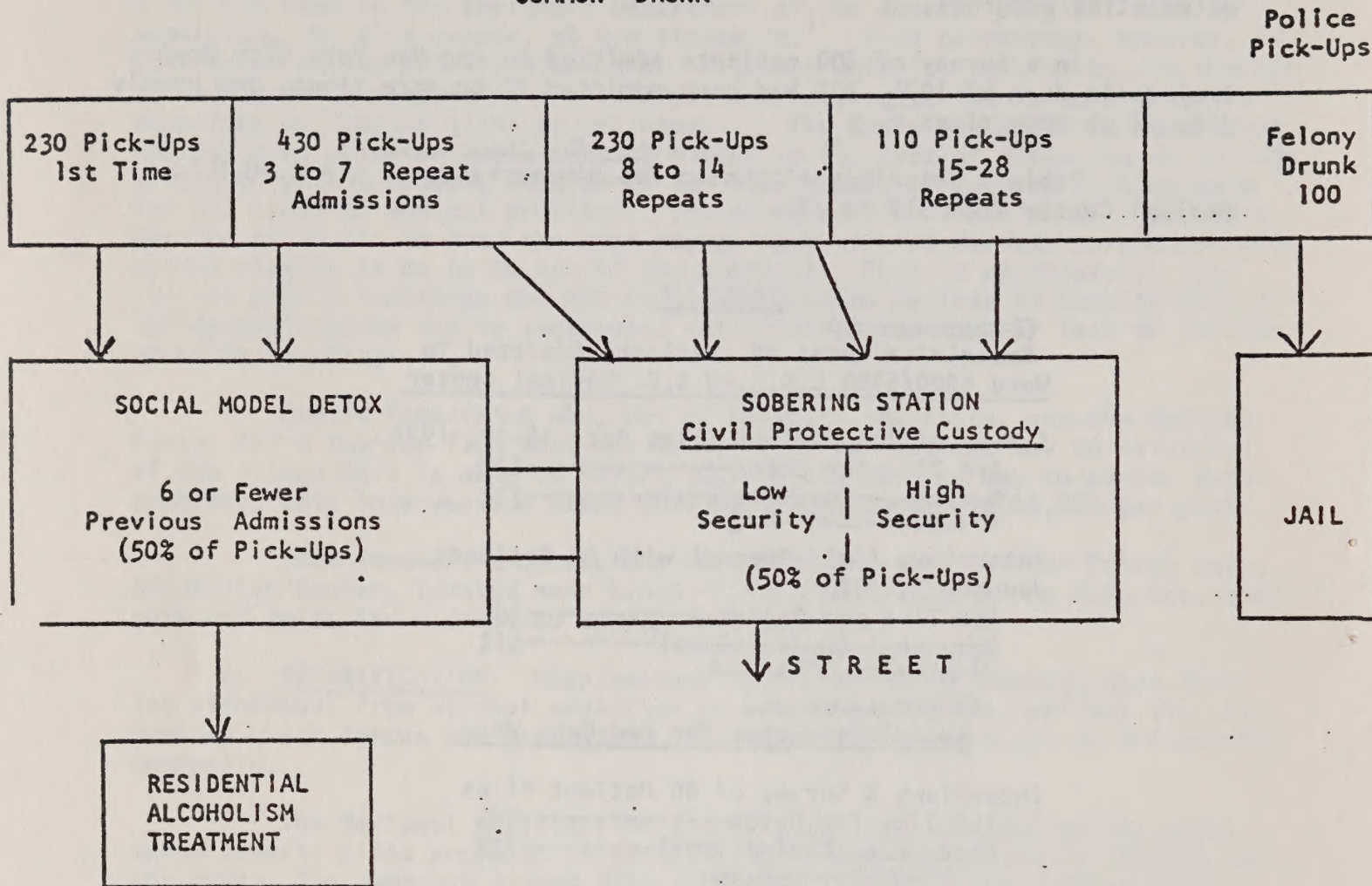
~~READMISSION~~

The ~~Recidivism~~ Rate for alcoholics being processed by L.A.C.-U.S.C. Medical Center could be 51% to 73%.

Out of 1,000 pick-ups, Sacramento has reported (Table VI) that 230 (23%) are 1st timers, 430 (43%) have 3-7 repeat admissions in a one-year period, 230 (23%) have 8-14 repeats, 110 (11%) have 15-28 repeats.

²MANOS, Stephen S. "The Manhattan Bowery Project". Alcohol Health & Research Workshop, Winter 1975-76. National Institute on Alcohol Abuse

TABLE VI
1,000 POLICE/CIVILIAN PICK-UPS
COMMON DRUNK



850 PEOPLE

150 PEOPLE

The dollar costs of repeated police arrests, medical center admissions, and treatment center expenditures are obvious. The Public Inebriate Program of Los Angeles finds that as the program structure at each facility has been improved, and as more commitment and participation has been expected of clients, recovery bed slots are becoming more precious. Because of increased levels of program participation and as longer periods of sobriety are achieved by the total population, Salvation Army Harbor Light has implemented an intake screening process in the interest of conserving counseling resources for those individuals who are serious about recovery.

It is unrealistic to expect that every public inebriate has potential or interest in changing a life style. When we do not recognize and accept our limitations, we find counselors in social detox centers quickly burned out; we see energy and vitality drained from those who make vain attempts

to apply casefinding techniques to hard core street inhabitants.

It has been suggested by Dr. Vernelle Fox, Chief of Alcoholism Services, Long Beach General Hospital, that we use existing medical records and personal experience with individuals to identify the recidivists who have five or more intakes per year at jails, hospitals and treatment centers and provide a place where they can sober up at a lower per night cost.

Sobering Stations would provide a decriminalized way of protecting the inebriate from injury, exposure, death, robbery, or his own incoherent actions. These facilities would accomplish the function now provided by jails, at lower cost, and would provide an automatic link into and out of existing alcohol services.

Approximately 53% of the pick-ups or 10% of the total inebriate population processed would be appropriate for sobering stations. The remaining 47% of pick-ups or 90% of total population processed would either be serviced at the Detox Center or at the hospital.

TABLE VII
RECIDIVISM RATES - SACRAMENTO PROJECT

Admission Frequency And Status	Number of Persons	Number of Admissions	# of Persons With 3-7 Admissions	# of Persons With 8-14 Admissions	# of Persons With 15-28 Admissions
Non-repeaters					
Involuntary	708	708			
Voluntary	521	521			
Total	1,229 ¹	1,229 ¹			
Repeaters					
Involuntary		3,111	1,578	1,004	529
Voluntary		978	737	202	39
Total	997	4,089			
Total	2,226	5,318	2,315	1,206	568

34%

¹ 34% of pick-ups were repeaters of 8 to 14 times per year.

E. NEED FOR RESIDENTIAL CARE. The average length of stay in a detoxification center is three days. Most programs are structured to provide care for up to 7 days. When a client is discharged from detox, he is at a physiological and psychological point where he needs a drink. Unless an intervention is made, beginning with the first few hours of withdrawal and ending with a completed referral into a longer term residential treatment facility during the 3rd to 7th day, the likelihood of a return to drinking behavior is extremely high. This reality has been the curse of a number of pilot detox programs where funding was provided for the first 7 days and no dollars were allocated for residential recovery. The Sacramento Study indicated that the revolving door had been relocated from the jail to the social detox center.

This plan proposes a comprehensive continuum of treatment similar to the existing Public Inebriate Program Residential Treatment, beginning with detox and following through with 1st phase care of approximately 90 days and 2nd phase continuing care of approximately 4½ months.

Table VIII illustrates this treatment system and compares a total of \$1638 per client 7½ month rehabilitation cost to the current alternatives of:

2 days in the alcohol ward, L.A.C.-U.S.C.-----	\$ 564.00
5 public inebriate arrests-----	\$ 687.00
1 fifteen-day jail sentence-----	\$ 379.00
	\$1,630.00

Over a 7½ month period it is conceivable that an individual public inebriate may be arrested an average of 5.5 times (\$735.00), spend 82.5 days in jail (\$2,084.50), and 5 days at L.A.C.-U.S.C. Detox Ward (\$1,410) at a total cost to the County of \$4,229.

F. NEED FOR CONTINUING CARE. Great expectations are placed upon providers of alcoholism services by themselves and the community. Public inebriate programs are expected to take a person who is firmly entrenched in the culture and life style of skid row and within 3-6 months, transform this person into a motivated, emotionally stable, alcohol-free, self-sustaining individual oriented toward upward mobility.

Wherein a few cases this goal may be achievable, for the most part the treatment of individuals who desire a change in lifestyle is thwarted by the dangers of abrupt changes in socio-economic, and vocational and geographical living conditions.

The continuing care residence is designed to accomplish three transitional objectives:

1. A geographical transition from the Central City, back into the community and its supportive resources.
2. A living style transition from the 100 to 235 bed 1st phase residential treatment facility to a smaller 30 bed unit.

TABLE VIII

STAGES OF TREATMENT AND RE-ENTRY

TABLE VIII		STAGES OF TREATMENT AND RE-ENTRY										Independent or Communal Living	
		1st Phase Residential 100 Bed Units, (45-120 Days)			2nd Phase Continuing Care 32 Bed Units, (6-10 Months)								
Detox 3-7 Days		M O N T H S											
		1	2	3	4	5	6	7	8	9	10		
Treatment	###	Intro- duction to Al- coholism Treat- ment	Commitment to Program of Recovery	Referral Planning for Next Phase	A.A. Ongoing Treatment	Resident- ial Govern- ment	Volunteer Tasks in Phase I Program	Expanded Involve- ment in Local Com- munity	Training for Independ- eng Liv- ing		Aftercare Follow-Up Contact		
	###												
	###												
	###												
	###												
Voca- tion- al	###	Focus on Alco- hollism	Housekeeping and Kit- chen Chores to Gain Confi- dence		Work Project 20 Hours per week - Assembly Work Fabrication Refurbishing To Establish Work Habits	On Job 20 Hrs. Per Week	Training 40 Hrs. Per Week		Job Placement Self-Supporting				
	###												
	###												
	###												
	###												
Cost Per Client Per Day	\$21.00	\$ 10 . 00			\$ 5 . 00				Total Accumulated Cost Per Client				
Cost In Each Phase	\$63.00	\$ 9 00 (3 mos.)			\$ 675 . 00 (4 . 5 mos.)				\$ 1638 . 00				

This Investment In Rehabilitation Over 7½ Months Is Equivalent To:

2 days in the Alcohol Ward at LAC-USC Medical Center

at \$282.00-----\$ 564.00

5 public inebriate arrests with 3 day jail sentences

at \$137.40-----\$ 687.00

1 fifteen day jail sentence

at \$25.27-----\$ 379.00

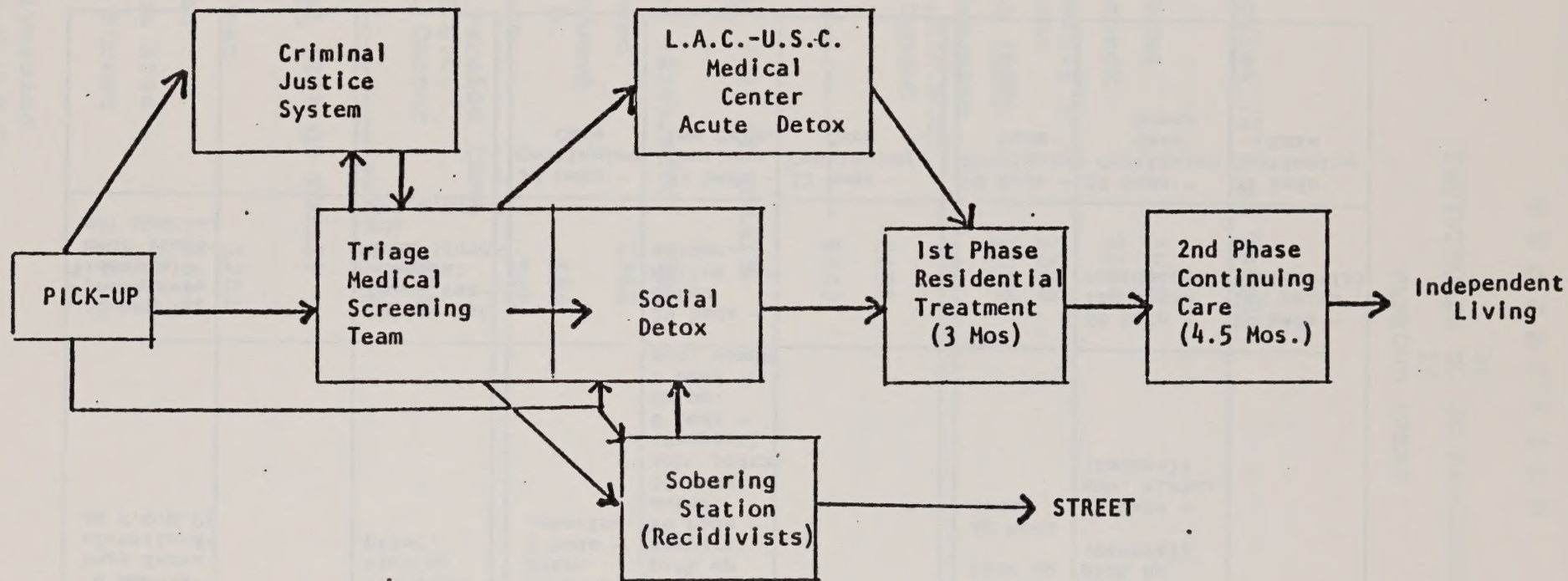
\$1630.00

3. A treatment transition to a group of men who have more immediate and specific re-entry goals in common.
4. A social transition to an environment where one assumes more individual responsibility for fellow residents and the participative management and operation of the living unit.

G. NEED FOR A CONTINUUM OF SERVICE. Experience has illustrated that clients most often fall out of the treatment system during the transition or transfer between services. The most critical and important component of an alternative alcoholism treatment system is the establishment of a well-organized and efficiently coordinated continuum of services after detox. This continuum consists of the following subcomponents:

1. A personal human connection and face-to-face communication during the detox process in order to assist the client to develop an individualized plan for recovery.
2. A communication network with existing and new agencies to provide a referral link introduction and transportation to ongoing treatment services.
3. An automated client tracking system that will provide the necessary follow-up and assistance in moving through the critical advanced phases of recovery and re-entry.

TABLE I
PROPOSED PUBLIC INEBRIATE CLIENT FLOW



PHASE I 1 JULY 1976 - 30 DECEMBER 1976			PHASE II 1 JANUARY 1977 - 30 JUNE 1977			PHASE III 1 JULY 1977 - 30 JUNE 1978		
REGION WIDE Triage Reception Center Social Detox - 60 Beds Training For Community Programs In Social Model Detox			REGION WIDE Maintain Triage Services 50 1st Phase Residential Beds On Ranch Outside Central Region			REGION WIDE Maintain Triage Services 100 1st Phase Residential Beds On Ranch Outside Central Region		
W. Cntl. Coalition	So. Cntl. Coalition	E.L.A. Cnt Coalition	W. Cntl. Coalition	So. Cntl. Coalition	E.L.A. Cntl Coalition	W. Cntl. Coalition	So. Cntl. Coalition	E.L.A. Cntl Coalition
50 Ambula- tory detox slots (fund- ed S.C.M.C)		Civilian Pick up pilot.	15 beds - detox. 5 beds - sobering.	Civilian pick up (Rampart) 20 beds - detox. 20 beds - sob. statn. (Rampart) 8 beds - detox. 2 beds - sob. women		Civilian pick up 20 beds detox	Civilian pick up (Central) 40 beds - sob. statn. (Central)	
30 new 1st phase res- idential beds (fund- ed) Castle.		28 new 1st phase res- idential beds (fund- ed) E.L.A.H.T.F.		20 beds - detox Native Am- erican.			50 beds - 1st phase residential.	20 beds - 1st phase residential
			32 beds - Continuing Care	32 beds - Continu- ing Care.	32 beds - Continuing Care	32 beds - Continuing Care	32 beds - Continuing Care Women	32 beds - Continuing Care

P R O J E C T I O N
OF
INDIVIDUALS TO BE PROCESSED
IN
VARIOUS AREAS

AREA

BED REQUIREMENT

East Los Angeles (17% of Total)

Arrests

#11 N.E. Area	1030
# 4 Hollenbeck	2186
E.L.A. Sheriff's Department	1389
Montebello (EST)	1000
60% of Diversion from L.A.C.U.S.C. Medical Center (EST)	2628

TOTAL ----- 8233

Detox bed formula
requirement - 40 beds.

Actual plan - 50 beds.

Rampart Area (18% of Total)

Arrests

#2 Rampart (Alvarado)	4551
#6 Hollywood	1942
West Hollywood L.A.S.D.	494
#7 Wilshire	765
20% of Diversion from L.A.C.U.S.C. Medical Center	876

TOTAL ----- 8618

Detox bed formula
requirement - 41 beds.

Actual plan - 40 beds.

West Central (13% of Total)

Arrests

#3 Southwest	1201
#13 Newton	1621
Pico Union Area	324
#12 77th Street	872
Florence	746
20% of Diversion from L.A.C.U.S.C. Medical Center	876

TOTAL ----- 6078

Detox bed formula
requirement - 30 beds.

Actual plan - 40 beds.

AREA

BED REQUIREMENT

Central (54% of Total)

Arrests

#1 Central Skid Row 26,865

Detox bed formula
requirement - 156 beds.

Actual plan - 100 beds.

DISTRIBUTION OF SERVICES BY AREA

	West Central	Rampart Alvarado	Central	East Los Angeles
Detox	40 beds	40 beds	60 beds	50 beds
Residen- tial	30 beds		50 beds	48 beds
Contin- uing Care	64 beds	32 beds	220 beds	64 beds

Table XV (Continued)

BED REQUIREMENTS

The bed requirement formulae in this proposal have been based upon the actual intake, discharge, referral and residential retention history on the public inebriate in the Central City, along with data reported by other cities in the United States operating diversion programs.

These formulae, if taken at face value, would indicate the following requirements for the Central Region:

Social Model Detox -----	213 beds
Sobering Station Beds Inside Central Region ----	118 beds
1st Phase Residential Inside Region -----	808 beds
1st Phase Residential Outside Region -----	109 beds
(To serve clients entering system from within the Region)	
2nd Phase Continuing Care Inside Region-----	808 beds
2nd Phase Continuing Care Outside Region -----	109 beds

When one takes into consideration the effects of other variables on the total client flow system, such as seasonal fluctuation in arrests, monthly variations in patrol wagon volume effected by paydays, daily variations in public inebriate pick-ups, unreported or undiscovered bed vacancies, interruptions in service related to start-up, in staffing, potential breakdowns in any number of the various complex components of the continuum; it seems more realistic to adjust requirements for the Central Region to:

	Year 01	Cost	Year 02	Cost	Year 03	Cost
Civilian						
Pick-Up	4 Vehc. @ 72,000 \$	288,000	8 Vehc. @ 72,000 \$	516,000	12 Vehc. @ 72,000 \$	864,000
Social						
Mdl. Dtx.	78 beds @ 21.00 ----	597,870	98 beds --	751,170	130 beds ---	996,450
Sobering-						
Up Stn.	47 beds @ 8.00 ----	137,240	87 beds ---	254,040	100 beds ----	292,000
1st Phase						
Res. In-						
side Rgn.	58 beds @ 10.00 ---	211,700	128 beds --	467,200	228 beds ---	832,200
1st Phase						
Res. Out-						
side Rgn.	50 beds @ 10.00 ----	182,500	150 beds ---	547,500	200 beds ----	730,000
2nd Phase						
Con't. Cr.						
Insd. Rgn.	96 beds @ 5.00 ----	175,200	160 beds ---	292,000	260 beds ----	474,500
Proposed Cntrl. Reg.						
Rehab System Cost	\$ 1,592,510		\$ 2,887,910		\$ 4,189,150	

skid row:

recommendations to citizens advisory
committee on the central business district
plan for the city of los angeles

part 4

physical containment

los angeles community design center /
541 south spring st., rm. 800/ los angeles, ca. 90013

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INTRODUCTION

This report is about the Los Angeles Skid Row, an environment inhumane to those forced by poverty and old age to live there, debilitating for those suffering social, mental and physical incompetence, and detrimental to future development of Central City Los Angeles.

The following recommendations outline a strategy for relocation of persons who do not wish to live in Skid Row and who can be assimilated by other communities, for humane and rehabilitative accommodation of the remaining Skid Row residents, and for reduction of Skid Row's influence on the Central City. That strategy is based on:

- 1) Containment of the physical structure of the Row through elimination of dispersed Skid Row housing and services while encouraging their location in a confined area;
- 2) Relocation of persons who will not disrupt other communities;
- 3) Definition of edges between Skid Row and other Central City activities;
- 4) The provision of amenities that will act as magnets to hold the derelict to the contained Skid Row area.

These recommendations were prepared by the Los Angeles Community Design Center as an alternative to the policy proposed by the Preliminary General Plan for the Central City which suggests that rehabilitative programs will, in as little as five years, be able to relocate the people of Skid Row, a population of 9,000 persons. After elimination of the people problem, it suggests razing of the physical structure in favor of more acceptable development. Near consensus exists among Skid Row service agencies and Skid Row authorities that the Row will be with us for many years and that elimination of the structure of the Row will only move its population to another part of the city. These recommendations deal with that reality.

These are preliminary recommendations based on available information. Before specific policies are adopted, more must be known about Skid Row. A few issues requiring further study are listed in the appendix. The descriptive information on which these recommendations are based, also in the appendix, is an amalgamation of existing data from a variety of studies, new housing data, census data, random sampling of Skid Row residents, and the insight gained from many meetings with those who work with Skid Row service agencies.

This report is intended to complement the preceding parts of Skid Row: Recommendations to the Citizens Advisory Committee on the Central Business District Plan. If successfully implemented, this containment strategy will take Skid Row out of the eye of the rest of the city while social programs proposed by the Public Inebriate Program, Leonard Blumberg, and Hospitality Kitchen rehabilitate and humanely treat the Skid Row population.

A number line starting at 0 and ending at $\frac{1}{2}$. There are tick marks at 0, $\frac{1}{8}$, $\frac{1}{4}$, and $\frac{1}{2}$. An arrow labeled '2' points to the right above the line.



SKID ROW AND ITS EFFECT ON THE CENTRAL CITY

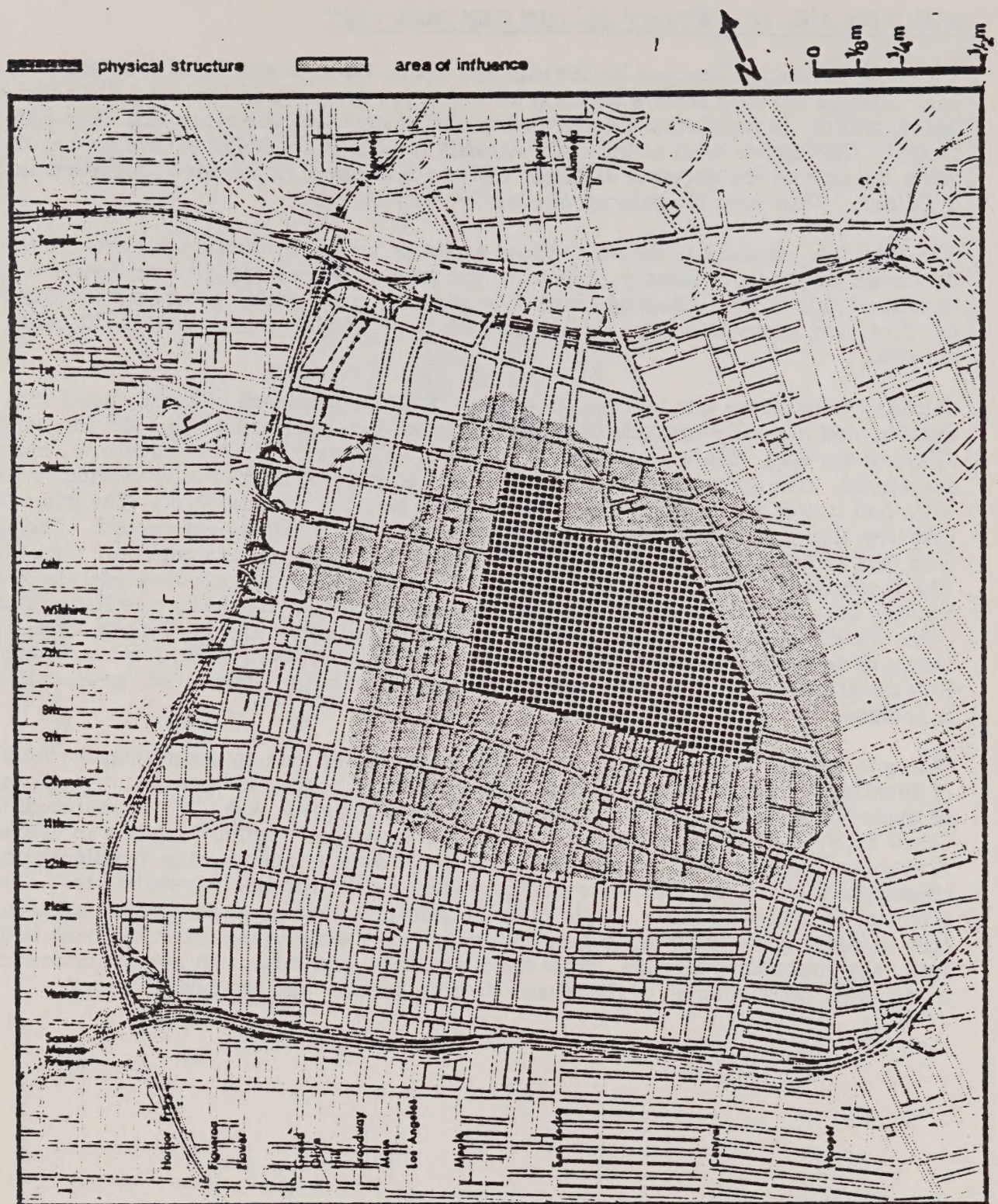
Skid Row is roughly bounded by Seventh and Main, Central and Third (see pages 2, 4, 10). Though the Row houses as many as 9,000 persons, aside from the Fifth Street concentration its population density is low and it sprawls over more than fifty city blocks. Skid Row's area of influence extends west past Pershing Square to the library, south throughout the garment district, and north to the civic center and government buildings. This area is made up of over 100 city blocks.

The Skid Row resident is drawn to these areas by amenities that do not exist in the Row such as grass, a library, benches, and public restrooms. His struggle for subsistence leads him to unlocked trash bins and good panhandling prospects outside of the Row, and he seeks hidden nooks in which to sleep along dark Central City side streets.

Skid Row's influence can be defined simply: it is the presence of bums, derelicts, drunks, and mentally unstable persons in public, business, shopping, and industrial areas of the city. Most people are uncomfortable around Skid Row derelicts, many are afraid. The financial center was the first to yield to Skid Row by moving to Bunker Hill, and it now appears that the retail district is moving to the west. The garment industry also threatens to pull out if the influence of the Row is not curbed. Though Skid Row is not the only determinant in these developments, it is certainly significant. The Preliminary General Development Plan is now calling for the construction of new housing downtown and a revitalization of deteriorated areas. Neither is likely to succeed until something is done about the derelicts who wander through the Central City. The image of downtown Los Angeles will determine the success of redevelopment, and Skid Row derelicts do far more to tarnish that image than trees, lakes, and grass will do to improve it.

There is another aspect of Skid Row's influence that is less apparent than the presence of derelicts on downtown sidewalks. The population profile indicates that over a quarter of those living on Skid Row are elderly. Of these persons, over 70% have annual incomes below \$3,000. Though supportive data does not presently exist, it can be intuitively said that the majority of the elderly live in the Row not because they are alcoholics or incompetent, they live there because they cannot afford to live anywhere else. The effect of Skid Row on these people must be powerful and the situation is a sad commentary on the way we treat our senior citizens. They suffer the stigma of living in the Row, are exposed to disease, must fight boredom, and suffer the highest crime rate in the city. Should some of these men turn to alcohol, who can blame them?

skid row today



Skid Row today sprawls over 50 city blocks and its area of influence affects 100 more.

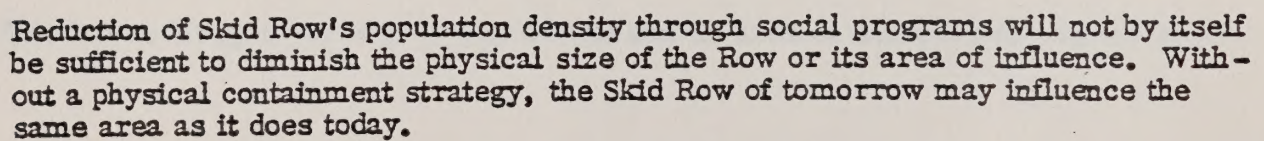
PRELIMINARY GENERAL PLAN APPROACH TO SKID ROW: A CRITIQUE

The Preliminary General Development Plan addresses the problem of Skid Row with a two-phased approach. First, it recommends a detoxification and rehabilitation center coupled with intensive social work which will eliminate the problems of alcoholism and relocate residents to other communities. Second, a university communications and civic complex would be laid over the existing fabric of Skid Row. The second phase would be delayed, the plan says, three to five years while the first thins the existing population.

To expect phase one to quickly rehabilitate and relocate the Skid Row population is unrealistic. The concept of detoxification and intensive social work, as far as it is developed by the Plan, and especially as elaborated by the Public Inebriate Program and Leonard Blumberg, is a good one. But the Public Inebriate Program and Blumberg, as well as many others who have worked with Skid Row, say that Skid Row will be with Los Angeles for many years. Even the most ambitious social program cannot remove in three to five years a population as large as this one.

It is more realistic to expect social work and detoxification programs to slowly reduce the density of the Skid Row population. But the thinned population will still cover fifty city blocks, and nothing will have been done about the area of Skid Row influence. There will still be Skid Row derelicts in the garment district, at the library, on the lawns of City Hall, and in the proposed South Park Urban Village. Unless social programs are accompanied by a realistic physical strategy, there is no reason to expect the influence of Skid Row on Central Los Angeles to be any less than it is today. The Row will have a lowered population density, but the area of influence will remain the same.

If phase two of the proposed approach is implemented regardless of the success of social rehabilitation programs, and if a university complex is implanted in the Row, derelicts would likely be scattered to healthy communities. This action would result in Los Angeles having several small Skid Rows to contend with. Such displacement has already caused Skid Row men to settle in Westlake, an area which has been dubbed "Skid Row West."



A CONTAINMENT STRATEGY FOR SKID ROW

The Los Angeles Community Design Center recommends a physical containment strategy to complement the proposals of the Public Inebriate Program, emphasizing treatment of the alcoholic; Dr. Leonard Blumberg, describing techniques for slowing the influx of persons to the Row; and Hospitality Kitchen, outlining social programs that address the needs of the Skid Row resident. While the Public Inebriate Program and Dr. Blumberg hope to slowly reduce the number of men in the Row, something must be done about the remaining physical presence of Skid Row in the Central City.

We recommend a containment approach that starts by defining an area in which Skid Row activities would be allowed, but outside of which no disruptive Skid Row activity would be tolerated. Pages 1 and 2 indicate that Skid Row has a generally low density with a few concentrations of housing and activities. Using these maps and field checks, new borders were drawn that define a potential area of containment that would pull Skid Row activities away from other land uses without significant relocation of housing (see page 10).

INDUCEMENTS

Given this area of containment, we suggest the following four inducements that would cause the Skid Row resident to stay within the area of containment rather than wander about the Central City.

Housing:

A deliberate control of housing stock, its allocation and location, with housing inside the area of containment being improved and housing outside of it being discouraged, would condense the structure of the Row.

Businesses:

Businesses catering to Skid Row clientele would be discouraged outside of the area of containment, and certain types of establishments would be encouraged on the inside.

Services:

Services recommended by the Public Inebriate Program, Dr. Blumberg, and the Hospitality Kitchen would be located, whenever possible, within the area of containment.

Amenities:

Some of the simple amenities that attract Skid Row residents to Central City public places would be provided on the Row.

EDGES AS BUFFERS

Physical containment will, on three sides, reinforce edges existing between Skid Row and other land uses. To the west, additional measures will have to be taken to buffer Skid Row activity from the rest of the Central City.

Inducements to Stay Within a Contained Skid Row

Housing:

Housing stock, its location, and its allocation are the most important determinants of the physical structure of Skid Row. To be effective, social programs which reduce the flow of persons into Skid Row and relocate persons such as the elderly to healthier environments must be accompanied by a deliberate effort to control Skid Row housing. If it takes fifteen years to significantly reduce the population of Skid Row, the population remaining during the reduction process should be manipulated so as to have as little impact on the surrounding city as possible.

Housing is already highly concentrated along Fifth Street and, to a lesser degree, along Seventh Street (Seventh Street houses many families that would not be considered a part of Skid Row). Housing existing outside of the proposed area of containment draws Skid Row persons to the edges that separate Skid Row from other land uses and makes those edges visually and psychologically indistinct, thus limiting their potential as buffers. We suggest adoption of a policy that will encourage the continued concentration of housing along Fifth Street at the expense of housing peripheral to the area of containment.

Housing concentration could be effected through the use of existing codes to force upgrading or closure of structures outside of the contained area. Persons relocated through this policy should be found housing before their dwelling unit is upgraded or closed. Some of these persons could be housed in other communities, but those persons who would negatively impact other communities should be provided housing within the area of containment. The relocation inside that area could be facilitated in at least three ways:

- Units vacated by the relocation of senior citizens and other persons compatible with other environments could house those who cannot live in other communities.
- New structures, as in a Sacramento Skid Row program, could be constructed.
- Structures which are now vacant or disheveled, the 400-unit Rosslyn being one example, could be rehabilitated.

This type of housing scheme would present an opportunity to incorporate some of Dr. Blumberg's suggested housing types within the fabric of the Row. The relocation process could place men in domiciliary housing, supervised boarding houses, conventional boarding houses, temporary housing, or more conventional housing--whatever is appropriate in each individual case. Because the Skid Row population will be slowly decreasing, a relocation formula might be developed that would slowly restrict the housing supply. For example, dwelling units removed from outside the area of containment might be replaced at first at a rate of 0.9 to 1.0, with the replacement ratio dropping to 0.7 to 1.0 after three years, and to 0.3 to 1.0 after five years.

A tool that would aid the concentration of housing is the Los Angeles County rent voucher system. The county contracts with Skid Row hotels to provide rooms for men on general relief, giving them rent vouchers instead of cash. We recommend that the county contract only with hotels inside the area of containment (contracts are now made with hotels as far away as Westlake).

Miscellaneous Business Activities:

The map (see Figure 2) shows concentration of Skid Row business activities on Fifth, Seventh, and Main Streets. Main Street activities are not strictly Skid Row-oriented, and their effect on the Central City vis a vis the Row requires further analysis. Fifth Street activities draw the Skid Row resident toward the center of the Row and away from the edges, so should not be discouraged. In contrast, the Seventh Street concentration nearly pulls Skid Row men into the lap of the garment district and flower market. These activities should be discouraged. As with housing, Skid Row business activity should be located within the area of containment and discouraged outside of that area.

Criteria for Placement of Services and Amenities:

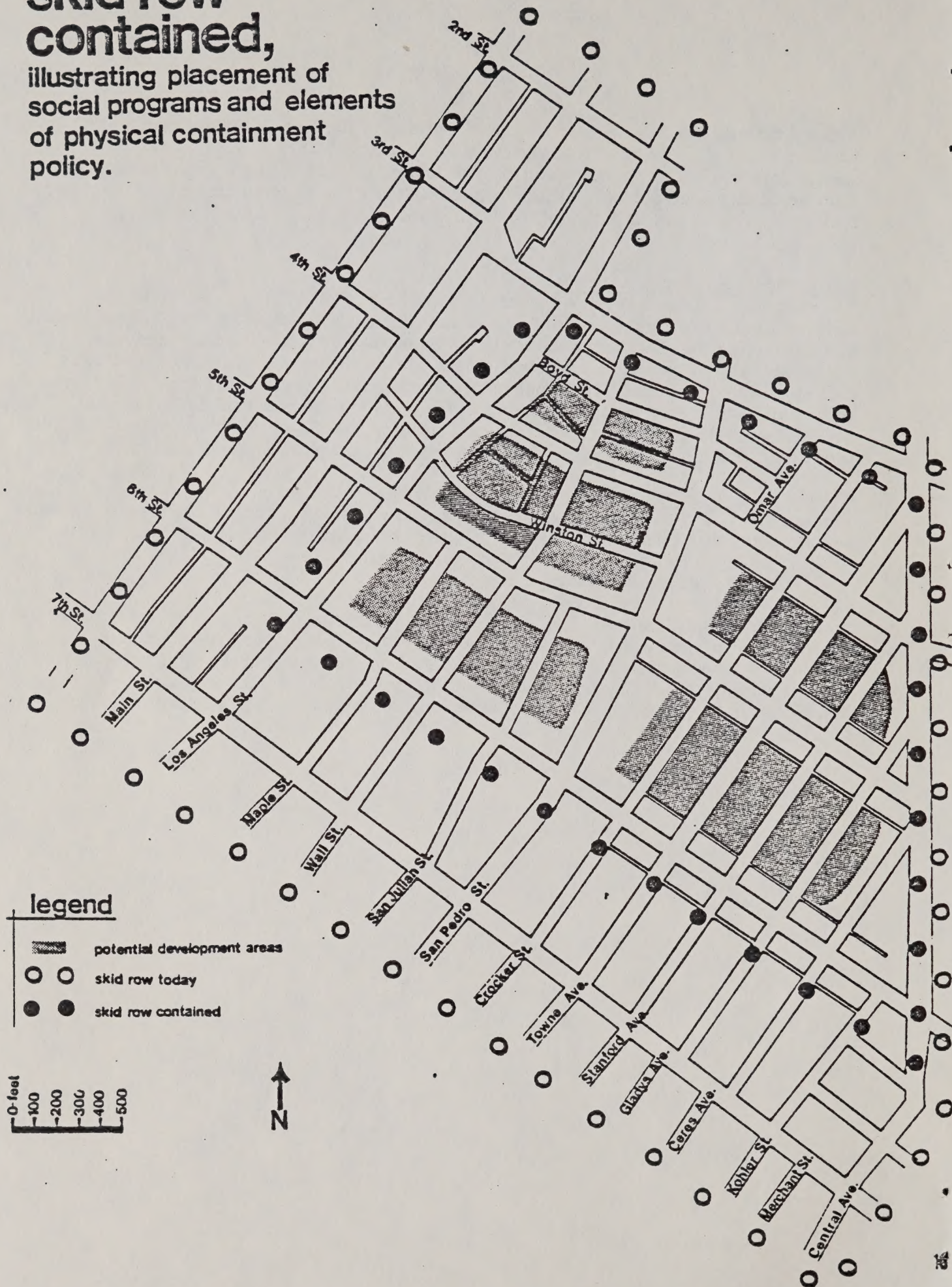
Placement of Skid Row activities should be undertaken with care. The Design Center recommends that three objectives be met in the placement of services and amenities:

1. They should be in the area of containment;
2. They should be unobtrusive;
3. They should be convenient to the Skid Row population.

If these objectives are met, Skid Row persons will be encouraged to stay within the contained area rather than wander through the Central City, and the contained area will have a lowered visibility. As is indicated on the map (Figure 7) north-south running streets within the contained area that carry low volumes of through traffic, and Winston and Boyd Streets meet these objectives and make good candidates for placement of services and amenities.

skid row contained,

illustrating placement of
social programs and elements
of physical containment
policy.



Services:

The Public Inebriate Program, Leonard Blumberg, and the Hospitality Kitchen all recommend a variety of services. These include a comprehensive service center, medical clinics, sobering stations, detoxification centers, employment services, laundromats, and others. These services are explained in accompanying reports.

Amenities:

Skid Row is nearly devoid of simple amenities and the wandering of Skid Row persons can, to a large degree, be attributed to their seeking those amenities. Skid Row's influence on Pershing Square is an example. There are no public restrooms in Skid Row; the nearest public restrooms are in Pershing Square. There are no benches in Skid Row, no places to sit down except on the sidewalks and street curbs; there are benches in Pershing Square. There are no pleasant open spaces in Skid Row; Pershing Square is a pleasant open space. It is easy to understand why Skid Row men travel to Pershing Square.

If, however, there were restrooms, benches, and pleasant open spaces within the contained area of Skid Row, the residents might be inclined to confine their activities to the immediate area. That section would serve as a magnet to hold undesirable population elements in Skid Row, not against their will but of their own accord. Provision of amenities within the central Skid Row area will actually tighten the structure and will be an important step toward containment.

We recommend the provision of the following amenities as inducements for Skid Row men to remain within the Row:

Restrooms: There are ten thousand persons in Skid Row and no public restrooms. We recommend at least three: one associated with a park, one with a service center, and another some distance from the first two.

Recreation Center: The Skid Row lifestyle is very boring. Other than wandering through the Central City, drinking, or watching television in a hotel lobby or bar, there is nothing to do. We recommend a center, perhaps sponsored by an existing service organization, that would keep the men off of Central City streets while providing rehabilitative recreation.

Benches: One reason Skid Row men sit or lie on sidewalks is that there is no alternative. There is no place to sit down. Benches strategically located would draw the men away from areas of high visibility, as well as from comfortable places in the Central City such as Pershing Square and the Civic Center.

Park: The most positive way to induce Skid Row derelicts to leave comfortable urban places such as Pershing Square, the lawns of City Hall, and the open space of the civic center is to provide the men with a pleasant, green open space on their own turf. Such a park or parks could inexpensively take advantage of empty lots out of the eye of the general public.

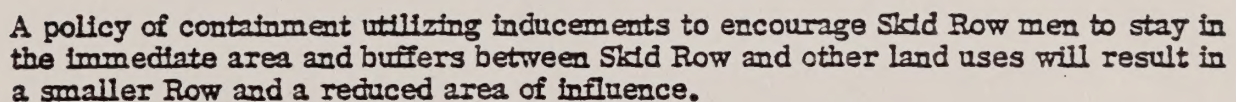
Library/Reading Room: An inducement to stay in the Row rather than to travel to the City Library would be provision of library services in the area of containment. This could be associated with a recreation center.

Buffers Between Skid Row and Central City

Edges of varying definition already exist between Skid Row and other land uses. A containment policy will pull the physical structure of the Row back from those edges and will result in a more definite demarcation (see page 13). Strong edges will serve as buffers between Skid Row and the rest of the Central City. When the Skid Row resident enters the buffer, the psychological comfort of the familiar Skid Row environment will be lost; he will feel foreign and will not be inclined to travel far from the area of containment. Following are suggested buffered edges:

1. Eastern buffer. An effective buffer already exists on the east side. Little friction exists between the Row and the industries east of Central Avenue. The men go to the east side for their welfare checks and return to the Row. The industrial section seems to hold little attraction for Skid Row residents. A factor could be that there are few bars or Skid Row restaurants east of Central to attract these men.
2. Northern buffer. The northern edge of Skid Row also functions fairly well as a buffer to Row activity. The Selected Skid Row Establishments map, page 2, and the housing map, page 18, indicate that there is little reason for Skid Row men to be near the northern edge. The printing and wholesale industries along the edge are not as adversely affected by Row activities as retail businesses would be, and their position between Little Tokyo commerce and the Row buffers Little Tokyo from Skid Row influence. What influence there is will be reduced as housing and activities along the northern edge of the Row are drawn into the area of containment.
3. Southern buffer. The garment industry and flower market are not adequately buffered from the influence of Skid Row. The Skid Row establishments map and the housing map indicate why. There are businesses and hotels concentrated on the edge between the garment industry and flower market that pull Skid Row men into contact with, and disrupt, south side economic activities. The Design Center recommends discouragement of Skid Row activity on Seventh Street, pulling it back to the area of confinement and, ideally, encouraging to a limited degree its establishment along Fifth Street.
4. Western buffer. The Skid Row edge at Main Street is poorly defined. Development of a buffer will be difficult because the major housing concentration is on or near the edge, Main Street functions are complex, and Central City commercial and office activities are so close. Conversations with Skid Row residents revealed that during the heyday of the Spring Street financial district, derelicts did not cross Main Street because they knew that they would be questioned by the police. Though police discouragement might be necessary to establish a buffered edge at Main Street, the Design Center recommends less stringent measures. In addition to provision of amenities within the Row as described above, measures such as locking of garbage cans to discourage scavenging and brightly lighting streets now used for sleeping should be encouraged.

 area of containment reduced area of influence buffers



CONCLUSION:

THE FUTURE OF SKID ROW IF A CONTAINMENT STRATEGY IS IMPLEMENTED

The strategy of containment will result in a configuration similar to that indicated on page 13.

- 1) The physical structure of the Row will cover a smaller area as housing and Skid Row businesses are confined to an area of containment and as the population is reduced through relocation of the elderly and rehabilitation of other residents.
- 2) The region of Skid Row influence will be significantly reduced as Skid Row activities are pulled back from the edges that exist between the Row and other land uses and as inducements such as services and amenities pull the wandering derelicts back into a contained area.

Several benefits will accrue to Los Angeles if containment is successfully implemented. Downtown development, particularly residential, will have a greater chance of success. The elderly will be given decent housing. Neighborhoods will not be invaded by the displaced derelict population. Combined with the recommendations of the Public Inebriate Program, Dr. Leonard Blumberg, and Hospitality Kitchen, containment will allow rehabilitation and humane treatment of the residents of Skid Row.

Though no one can honestly promise an immediate cure, we believe these four reports to be the first step toward solving the problems of Skid Row. They face the reality of Skid Row as an entity which cannot be eradicated over night without dangerous repercussions in other communities. It must be dealt with constructively and thoughtfully, in a manner which is both humane to its residents and attentive to the wider interests of the Central City.

Executive Summary

The following information was obtained from a review of the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information.

Background

The following information was obtained from a review of the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information.

APPENDIX

Table 1

Table 1 shows the following information:

Item	Value
Item	Value
Item	Value
Item	Value

The following information was obtained from a review of the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information.

Table 2

The following information was obtained from a review of the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information. The information was obtained from the files of the [redacted] and is being provided to you for your information.

DESCRIPTIVE INFORMATION

Population Profile

No one can say for sure how many people live in Skid Row, but the accepted figure is 9,000 persons. Most residents are men, though enough women come into contact with the Row to support a mission that serves only women. The 1970 census indicates that women comprise less than 1.5% of the Skid Row population. Families with children can be found on the edges of the Row and should be provided for in any housing relocation projects.

Age Structure:

Though actual numbers mean little in a population as transient as that of Skid Row, the following percentages derived from 1970 census data indicate that this is an older population:

Under 20	5%
20 - 44	31%
45 - 59	35%
60 and older	30%

Racial Composition:

Census data indicates the following:

Black	21%
White	67%
Other (Spanish-speaking, American Indian)	12%

The feeling among those who work on the Row is that the census figure for Blacks is low, due primarily to an influx of young Blacks. Los Angeles County Department of Public Social Services 1976 data also indicate that the number of Blacks counted by the 1970 census is low. Of all those applying for general relief at the Unattached Single Men's Center (located on the eastern edge of Skid Row), the percentage of Whites has dropped from 35% in 1968 to 16% in 1976. Blacks presently represent 70% of the caseload.

Mobility:

A Hospitality Kitchen survey of housing indicates that 73% of all Skid Row housing units were occupied by the same person for at least three months. A 1973 sampling showed 82% of the respondents had lived in the Los Angeles Skid Row for over one year and 16% had lived in the Row for fifteen years or longer. However, there is a seasonal fluctuation in the population. During the winter an estimated 3,000 transients come to stay for four months; in the spring the population declines as other regions warm and agricultural employment opportunities increase. The characteristics and needs of this seasonal population have not been analyzed.

Major Health Problems:

Alcoholism: Alcoholism is a major problem in Skid Row, but the common perception that everyone on Skid Row is an alcoholic is incorrect. Estimates range between 25% and 50% alcoholic. A Hospitality Kitchen sampling showed the following:

Heavy drinkers	25%
Moderate drinkers	28%
Light drinkers	15%
Periodic drinkers	8%
Non-drinkers	24%

Mental and Emotional Disturbance: A 1965 New York State Department of Mental Hygiene and Department of Psychiatry, Columbia University study found 91% of a Skid Row group to have mental illness, as compared with 34% of a non-patient control group. Analogous data for Los Angeles does not exist, but it is clear that a much larger proportion of the Skid Row population is comprised of persons who are mentally or emotionally disturbed than is the case in the general population; the number of persons with very limited IQ's is also quite high. Some of these persons are not fully able to care for themselves and need special housing and boarding. Some are dangerous and should be institutionalized.

Other Health Problems: A thorough analysis of Skid Row health problems is anticipated to accompany a medical screening planned by the Public Inebriate Program. This is clearly the unhealthiest population in the city. The elderly are subject to a number of chronic diseases and physical debilities; maladies associated with alcoholism, liver and stomach ailments, malnutrition, and broken bones from falls are very prevalent and the Row is also rife with tuberculosis and hepatitis.

Crime On Skid Row

Though 1975 Los Angeles Police Department records show 27,000 arrests for Central City (population about 10,000) they are misleading. Most of the arrests were associated with alcohol use or vagrancy, the criminality of which is now before the courts. The most deleterious criminal element is that which preys on the helpless. Skid Row residents are regularly separated from their meager pensions and pay checks. To live on Skid Row is to have been jackrolled or cheated by loan sharks, landlords, and other residents. James Spradley, author of You Owe Yourself a Drunk, says that the exploitation of the alcoholic and the justice system are all part of a socialization that pulls men into a Skid Row lifestyle. More needs to be known. To define problems and find solutions the Los Angeles Community Design Center recommends a thorough analysis of crime on Skid Row and law enforcement in Skid Row.

Housing

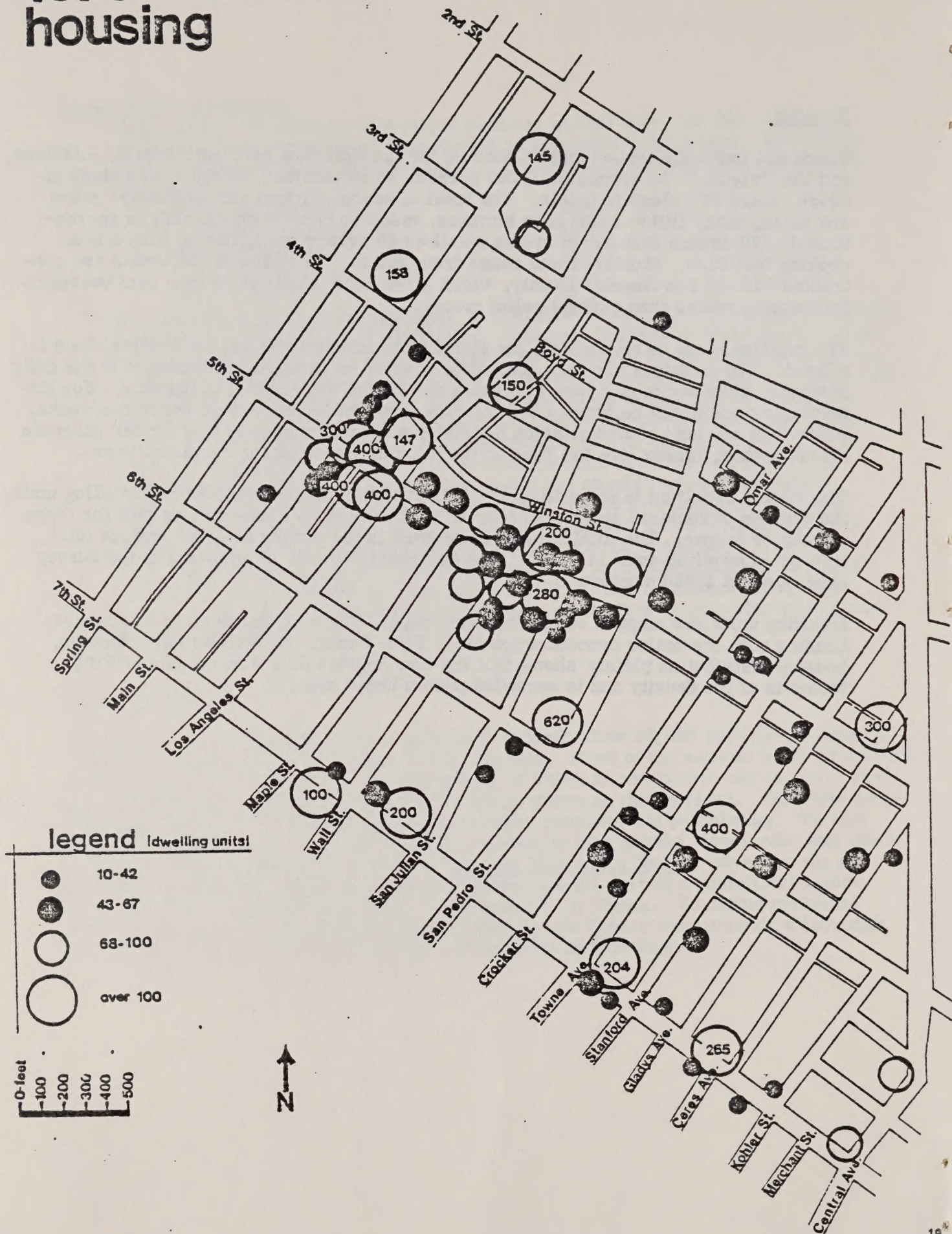
There are basically three types of housing for the Skid Row resident: hotels, missions, and the "weeds." An estimated 1,000 persons sleep outside. Of those who sleep indoors, about 90% sleep in hotels. The level of accommodations varies widely: a few are clean, many filthy; a few have kitchens, many do not. A typical unit is approximately 120 square feet (some are as small as 80 square feet), has no bath and no cooking facilities. Monthly rents range from \$55 to \$75. Some of the hotels are contracted with by Los Angeles County, which gives unattached single men rent vouchers for housing rather than general relief money.

The missions tend to accomodate the elderly and indigent who cannot survive alone in a hotel. The missions are free, but some require or encourage attendance at the daily sermon. They commonly have a formula that limits the duration of the stay. For example, a person will be given a bed for only three consecutive days every two weeks. A few men are able to find mission housing nearly every night by playing one schedule off of another, others live full time in the mission and work for room and board.

The survey resulting in the map on the next page tabulated the number of dwelling units, the number of renters, and the number of people living in each dwelling unit for three months or longer. The total number of renters in the survey is 6,440 and the total number of dwelling units is 7,150. The combined capacity of missions in the survey area is about 1,000 persons.

Dwelling units are mapped on the following page. The map shows an area of sparse housing with one major concentration along Fifth Street. As well as any indicator, housing distribution plainly shows that the Los Angeles Skid Row outside of Fifth Street is of low density and is sprawled over a broad area.

1976 skid row housing

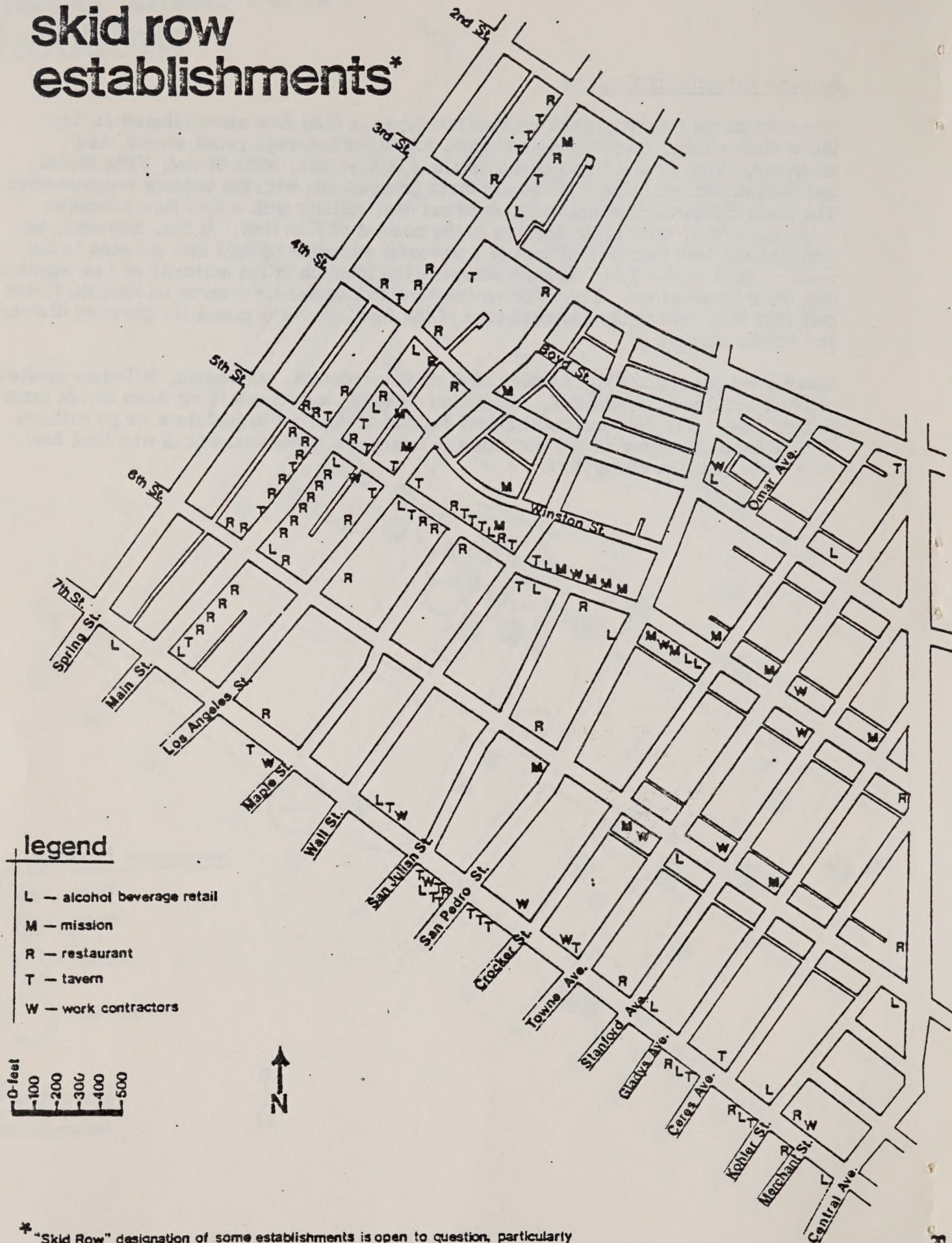


Service and Activity Centers

The map on the following page locates five types of Skid Row establishments: day labor contractors, taverns, restaurants, alcoholic beverage retail stores, and missions. There exist three concentrations of services, Main Street, Fifth Street, and Seventh Street. The Fifth Street strip corresponds with the housing concentration. The Main Street commercial strip does not deal strictly with a Skid Row clientele; it is, therefore, difficult to analyze in the context of Skid Row. It can, however, be legitimately said that Main Street is a powerful attractor of Skid Row persons to the western edge of the Row. Seventh Street is the location of the majority of Los Angeles' day labor contractors. The work contractors and numerous taverns on Seventh Street pull Skid Row men to the southern edge of the Row, where it meets the garment district and flower market.

Many services and activity centers such as laundromats, restrooms, full-time medical clinics, employment agencies, recreation centers, and places to sit down do not exist in Skid Row. The resident must travel outside of the Row to find them or go without. This absence of services and activities is important to the analysis of why Skid Row men travel outside of the Row.

selected skid row establishments*



RECOMMENDATIONS FOR FUTURE STUDY

The Los Angeles Community Design Center entered the Skid Row planning process late and was restrained by its desire to have timely input to the Citizen's Advisory Committee from entering many areas of analysis and others were touched lightly. We encourage careful scrutiny of the concepts presented in this report and recommend more study before adoption of any physical plan for Skid Row. A few issues are of particular importance:

- The extent to which the Department of Public Social Services (DPSS) funnels men into Skid Row must be determined before talk of decreasing the Skid Row population can proceed. Unattached single men from the entire county are sent to DPSS for food stamps and general relief. That fact alone may be sufficient to introduce some persons to the Skid Row lifestyle, but add the fact that many men are given rent vouchers for rooms in Skid Row hotels, and the possibility that DPSS is adding to the problem becomes apparent.
- It is very probable that Westlake will become the new Skid Row. Persons living Skid Row-like lifestyles have already migrated to the Westlake area and their numbers are increasing. Now is the time to decide if this is a desirable future for Westlake, and if it is, planning should begin for the provision of services to the Skid Row residents.
- Skid Row is experiencing a very rapid increase in its Black population. Planning for social programs should include analysis of this new population to determine if it differs from that of the traditional Skid Row. If it does, it probably has different needs and problems requiring different services.
- The transient who stays in Los Angeles for three or four months represents a very difficult problem for the social and physical planner. More needs to be known about the transient and strategies must be developed for dealing humanely with him while Skid Row's population is being reduced.
- Main Street presents a problem in physical planning for Skid Row. Its activities are not strictly Row-oriented, yet Main Street and Skid Row enjoy a symbiotic relationship. Analysis of that relationship is important to the development of a Skid Row plan.

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